The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Increasing Influence of Kwantung Army in Sino-Japanese Relations

ARTICLES IN THIS ISSUE

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(By the Review's Tokyo Correspondent)

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Japan's New Policy and Gen. Chiang Kai-shek . By Chen Fu-sheng

SATURDAY, FEBRUARY 16, 1935 VOLUME 71, NUMBER 12

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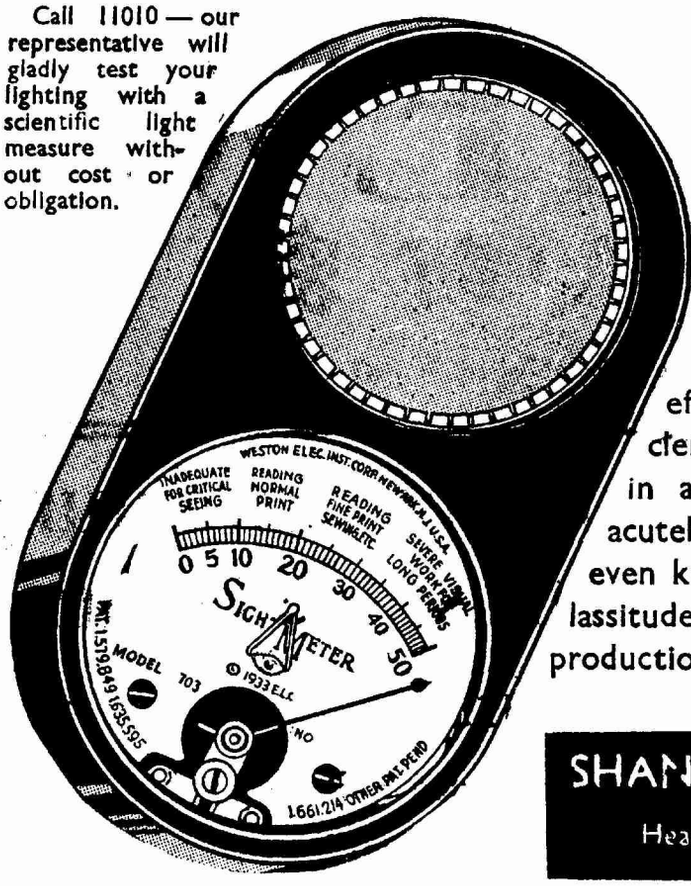

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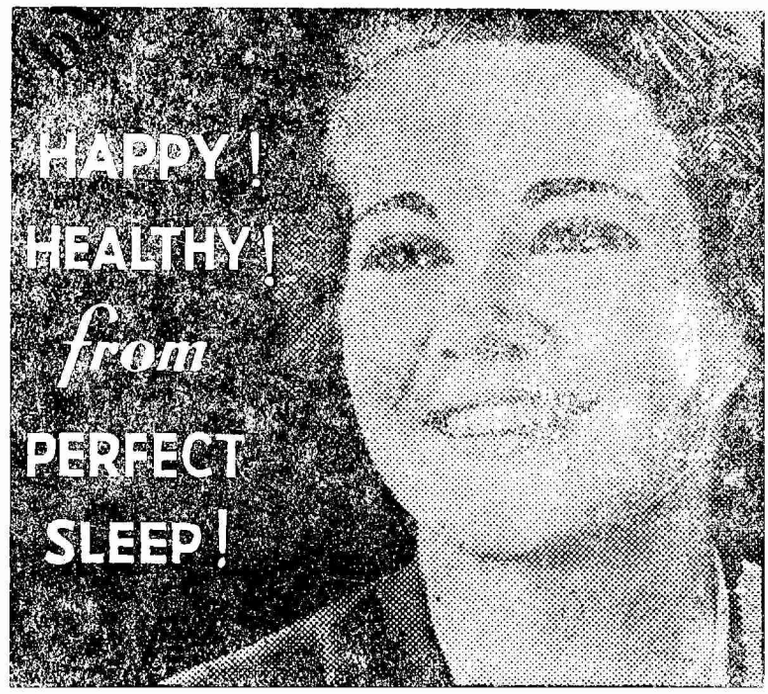

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Latest New York Stock Exchange Quotations

February 12, 1935

Business Done:
Total Volume:- 360,000 Shares

1933-34 High	1933-34 Low	Div. $ per sh.	STOCKS	Last Sale Feb. 9	Last Sale Feb. 11
115⅝	47⅛	3.00	Air Reduction	111	111
33	11⅛	1.20	Alaska Juneau	17⅛	16¾
160¾	70¾	6.00	Allied Chemical	136	134½
26⅝	6	—	Allis Chalmers	16⅞	16⅞
42½	9½	0.80	Am. Brake Shoe & Fdry.	25⅝	25⅞
117¼	49½	4.00	American Can	114¾	114½
89⅞	13	—	Amer. Commi. Alcohol	27½	27¼
22½	3¼	0.40	Amer. Cyanamid "B"	17	16⅞
19⅝	3⅞	—	American & For. Power	4⅛	4¼
39½	5⅞	—	American Locomotive	17⅝	16½
19	4⅝	—	American Radiator	14¼	14¼
53⅛	10¾	—	American Smelting	35½	34½
134¾	86½	9.00	American Tel. & Tel.	104¼	101¾
94¾	50¾	5.00	American Tobacco "B"	81¼	80½
43¼	10⅞	1.00	American Waterworks	11¾	11⅝
22⅞	5	—	Anaconda Copper	9⅞	10
35¼	12⅝	1.00	Atlantic Refining	24⅝	24½
84¼	16⅞	—	Auburn	23½	23¾
37⅞	8¼	—	Baltimore & Ohio	11⅞	11½
49½	10⅜	—	Bethlehem Steel	29¾	29¼
11	6¾	—	Boeing Airplane Co.,	9¼	8⅞
31¼	5½	1.00	Borg Warner	30¼	30¼
20⅝	7½	—	Canadian Pacific Railway	12⅜	12
103½	30½	—	Case, J. I.	55¾	55
40¾	15⅞	1.40	Chase National Bank	24¾	25
52½	14⅞	2.50	Chesapeake Corporation	39	38
60¾	7¾	1.00	Chrysler	38⅝	38¼
28½	6⅝	—	Columbia Gas & Electric	6⅝	6½
57¼	9	0.60	Coml. Solvents	20⅞	20⅝
6½	1	—	Commonwealth & Southern (ord.)	1	1
64½	18⅞	1.00	Consolidated Gas of N. Y.	19	18⅝
67½	23¾	2.40	Continental Can	66⅜	67
28¾	4⅞	1.00	Contin ntal Oil	18	18⅝
90⅝	45⅝	3.00	Corn Products	65½	65
9⅞	2	—	Coty Inc.	6	5⅝
28¼	10¼	—	Douglas Aircraft	22¼	22½
103¾	32½	2.60	Du Pont de Nemours	94⅜	94¼
117⅝	46	4.00	Eastman Kodak	113⅜	114½
31⅜	10	—	ElectricAuto Lite	24⅞	24¼
41⅝	5	—	Electric Bond & Share	6	5⅞
19	8¼	—	Fox Film "A"	10½	10
50¾	16½	1.00	Freeport Texas	22	22¼
48⅜	13¾	1.00	General America Transport	36	36
30¼	10½	0.60	General Electric	23½	23½
39⅞	21	1.80	General Foods	34⅜	34¼
42	10	1.00	General Motors	31½	31¼
28¾	3¾	1.00	Glidden Co.	25¼	25¾
27¾	12	1.20	Gold Dust	16¼	16½
47¼	9¼	—	Goodyear Tire & Rubber	22⅜	22¾
50¾	7½	—	Illinois Central	13¾	13½
40	6½	0.25	International Cement	28½	27½
46⅞	13½	0.60	International Harvester	40	40¼
29¼	6¾	0.60	International Nickel	23	22⅞
21¾	5½	—	International Tel. & Tel.	8¾	9
66⅝	12¼	—	Johns Manville	50½	51
26	7⅝	0.60	Kennecott	16¾	16¾
110	49	4.00	Liggett & Myers "B"	105½	106
37¼	8½	1.00	Loew's Inc.	32⅞	32¾
25¼	10¾	1.20	Lorillard	20¼	20⅜
35⅜	8⅝	—	Montgomery Ward	26¾	26⅞
43	16⅞	1.00	National City Bank	22¼	22
33¼	16½	0.50	National Distillers	27⅜	27⅝
58½	14	—	New York Central	17¼	16¾
36¼	10⅜	1.00	North American	12	12
96¾	31½	4.00	Owens Illionois Glass	86½	88
31⅞	13¼	1.50	Pacific Gas & Electric	13⅞	14
43⅝	21	3.00	Pacific Lighting	21½	22⅝
6⅞	1⅜	—	Packard Motors	4⅝	4½
42¼	13⅜	1.00	Pennsylvania Railroad	21⅜	21½
20¾	4⅜	1.00	Phillips Petroleum	15¼	15¼
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ELEMENTS INVOLVED IN U.S.-U.S.S.R. DEBT PARLEY FAILURE

THE *United Press* report from Washington published in Shanghai on Wednesday afternoon of this week stating that George Hanson had been transferred to Abyssinia constituted definite evidence of the previously reported action of the State Department in closing the U. S. Consulate-General at Moscow. Mr. Hanson previously served for many years at Harbin. Two other American officials, attached to the American consulate-general in Moscow, also will be recalled. They are Capt. David Rowan Nimmer, Naval Attache and Lieut. Thomas D. White, Assistant Military Attache (aviation branch). Major Phillip H. Faymonville, Military Attache, will remain in Moscow and Ambassador William C. Buillitt, now on leave at Washington, will return to his post in the Soviet capital. The other report published in Shanghai that additional American consulates in the U.S.S.R. would be withdrawn was not correct as the United States had only opened the Moscow consulate.

The transfer of George Hanson from Moscow to the African front is not without significance for Hanson was not happy in the Soviet capital, despite his many successful years among the Russian emigrees in North Manchuria, and his ability to speak and read the Russian language. When George Holden Tinkham, Republican congressman from Massachusetts, was in Moscow last October he spent considerable time with Consul-General Hanson. Immediately following Tinkham's return to Washington he introduced a resolution in the House of Representatives calling for abrogation of American recognition of Russia. Whether Tinkham's resolution will receive serious consideration, now that the State Department has withdrawn the consulate, is not known, but it is known that a powerful faction in the State Department was opposed to Soviet recognition and made no secret of its intention to throw a monkey-wrench into the machinery at the first opportunity. This was indicated in recent comment in the *New York Evening Post*, charging that the Soviet-American debt negotiations had failed largely because of the anti-Soviet tendencies of officials of the State Department.

However, this was not the only reason for the failure of the debt negotiations, and a further reason recently cited in the Japanese newspapers likewise was incorrect. The Japanese correspondents stationed in Washington claimed that America's refusal to continue the negotiations was due to the alleged feeling that lending of American money to Russia might offend Japan. This report aroused considerable interest due to the report which was circulated last year that President Roosevelt had extended recognition to the U.S.S.R. in order to head off a threatened Japanese invasion of Siberia. With reference to the failure of the debt negotiations there were innumerable elements involved, one being the indignation of American officials and some powerful business interests at the Soviet action in paying cash for large machinery orders in England, while at the same time demanding credits for the placing of similar orders in the United States. A still further element in the case was the recent speech of Molotov, chairman of the council of people's commissars before the Congress of Soviets wherein Molotov stressed the uncompromising attitude of the Soviet Union with respect to the settlement of foreign claims, particularly those lodged by American citizens and corporations covering losses incurred in the revolution.

A further and possibly more potent reason for the failure of the debt negotations may have been involved in the Franco-Soviet agreement. It will be remembered by most Americans that France was largely responsible for organizing the European "bloc" against the payment of the American war debts. The French naturally were not happy at the prospects of Russia's paying her debts for that would establish a precedent that might react on France in the future. It is therefore likely that the French, when they negotiated their agreement with Moscow, brought sufficient pressure to induce the Soviet authorities to reverse their previous attitude announced in Washington during the Roosevelt-Litvinov conversations. The fact that no official record was kept of the Roosevelt-Litvinov conversations was a further element in the situation, plus exaggerated press reports that Russia was planning to place vast orders in the United States. Russia did intend to place orders in America, but only on the basis of credits which she hoped to obtain through the American-Russian Import and Export Bank. Also, it is suspected that there was not entire good faith on either side. The alleged Litvinov offer to pay defaulted debts and repudiated claims could not have been made in good faith because the Politburo in Moscow obviously would not have supported him in this proposal. Also it was unlikely that the United States would extend unlimited credits to Russia, immediately following congressional action preventing American banks from granting credits to other countries.

The whole situation was badly muddled and on top of it all was a renewal of the anti-red agitation in the United States, led by the American Federation of Labor and numerous patriotic organizations which alleged that the recent congressional investigation into "un-American activities" had discovered evidence of communistic propaganda. A further factor which must have carried considerable weight was the anti-Russian sentiment resulting from the execution of 116 alleged Trotsky adherents following the Kirov assassination.

It view of all of the elements involved it probably is just as well that the two nations should take stock of the situation and make a new start. There is one unfortunate element in the situation from the standpoint of the Far East which should be mentioned and that is concerned with the opening of an American consulate at Vladivostok. There are numerous reasons not directly concerned with trade which make it necessary that the United States should have consular representation at Russia's Far Eastern port. Ambassador Bullitt has promised on several occasions that the Vladivostok consulate would be opened. There is hope that such may be done shortly, but the recent developments at Washington have not improved the prospects.

The Red Hegira to Szechuen Province and Future of the Movement

THE consensus of opinion seems to be that the Chinese red bands which had maintained the so-called "Soviet Republic" in Kiangsi province for practically eight years, managed to make their escape to Kweichow and Szechuen because of the failure of the Nanking and Canton troops, particularly the latter, to cooperate in the suppression campaign. The Kwangtung and Kwangsi troops, and also those of Gen. Ho Chien in Hunan province simply adopted a passive or defensive policy and as a result the reds, or a considerable portion of them managed to escape from Gen. Chiang Kai-shek's cordon. As a matter of fact the reds would have been wiped out long ago had there been real cooperation on the part of the suppression forces of north and south. But they occupied a buffer zone between and took advantage of the situation—which explains more than anything else their ability to obtain arms and munitions when cut off from the sea. While the Kiangsi reds maintained certain communist forms, borrowed from Russia and took advantage of the serious agrarian situation existing in the interior provinces, the red movement was little more than one of the numerous rebellions which have taken place since the establishment of the Nationalist Government in 1917. As a matter of fact it was the first rebellion for the chief red leaders had participated in the original nationalist movement from Canton to the Yangtsze and split off when it did not proceed to their liking. They managed to survive for a longer period because of their position in the

southern Kiangsi mountains adjacent to the borders of Fukien and Kwangtung where they could take advantage of provincial rivalries to play one group against another.

Another reason for the long-life of the red rebellion was the help it received from abroad, not entirely from Russia as most persons think, but from radical groups in other countries such as America, Britain and France . Also there have been fairly well confirmed reports of smuggled arms and munitions from Japan, but of more importance from the standpoint of Japanese activities, the reds probably would have been wiped out long ago had it not been for Japanese aggression in Manchuria and the intervention at Shanghai which forced the National Government to postpone its campaign. But the reds were finally compelled to give up their well fortified base in Kiangsi and a portion of them have fled several hundreds miles into the distant interior. Anybody who claims it was a "victory" or even a strategic retreat is welcome to that point of view, but the facts speak otherwise. The gang which split off and went into Anhwei has been rounded up and its leaders are now being exhibited in cages prior to execution at Gen. Chiang Kai-shek's headquarters in Nanchang. As for those, numbering anywhere up to 40,000 which escaped, or were permitted to flee to Szechuen, they do not constitute an immediate meance. They had to abandon all supplies, excepting what they could carry on the long trek, and if the Government follows up the campaign along the lines abopted in Kiangsi, the whole thing will collapse into plain banditry. The chief point seems to be that the breaking up of the headquarters in Kiangsi constitutes the actual collapse of the red-bellion as an organized military movement and the complete loss of what little prestige it had in the minds of radical groups in other countries or with the Chinese peasantry . As for the foreign sympathizers and propagandists, their all too evident confusion seems to constitute the best evidence of the failure of the movement.

The suggestion, prominenced in the Japanese press, that the reds, from their new position in Szechuen, may be able to establish connections with Moscow by way of Kansu and Sinkiang provinces appears to be too far-fetched to arouse serious consideration. In the first place it is more than 200 miles over almost impassable mountains from Suiting, the red base in eastern Szechuen to Sian, capital of Shensi and from Sian to Lanchow, capital of Kansu it's another 300 miles, and even though they could get to Lanchow it would require exactly 64 days of steady traveling to reach Urumchi, capital of Sinkiang which is anywhere near the Soviet border. If the Szechuen reds possessed an airplane they might fly over this territory, but they do not possess any planes and any attempt of red groups or their emissaries to make the trip afoot would meet with opposition all along the long desert road and the worst opposition would come from the fanatical Mohammedans who would devour them at leisure. A further and even more important element it that Sinkiang province, although adjacent to Russia and on friendly terms with the Soviets, is definitely not a red province and would not permit such a group to enter its domain.

Then, of final interest is the Russian angle. Recent reports from Kiangsi have indicated that the reds had a foreign, presumably Russian, adviser. Whether this was correct cannot be stated, but the element of Russian support of the Kiangsi reds in recent years is a debatable subject. There were, and possibly still are, many Soviet citizens who sympathized with the Chinese reds, but they have been very cautious about it since the original break in 1927-1928, which precipitated the crisis within the Communist party and resulted in the downfall of the so-called Trotsky faction and exile of its leader. It was a curious coincidence that the recent collapse of the Kiangsi rebellion occurred only a short time before the assassination of Kirov the Leningrad soviet leader, which was followed by the execution of 116 more followers of the Trotsky group. From a general standpoint the present Soviet leaders have little or no interest in the Chinese reds and the collapse of the Kiangsi set-up may pave the way for a genuine resumption of relations between China and Russia on a more realistic basis of mutual needs. When the U.S.S.R. was weak in a military sense it used communist propaganda and support of red groups in foreign countries as a means of defense against its enemies, but as the Russians have now developed a powerful and well equipped army, this has been accompanied by a lessening of interest in communist movements outside of Russia. Today it might be stated with considerable correctness that Soviet interest in the Chinese reds is far less from a material standpoint, than is the interest of the foreign mission boards in the United States, in their Christian converts in the Chinese Republic.

Mention of the Christian element in the situation also brings up another interesting phase of the subject which is certain to have important consequences in the future. The red movement in China gave the Christian missionaries their worst shock since the Boxer movement at the beginning of the present century. But now that the Christian missionary movement has survived the vicious red attack it is significant that the mission leaders are beginning to take hold of rehabilitation activities in central China in a manner that bespeaks important developments in the future. A correspondent in the last issue of the *Christian Century*, in referring to the missionary phase of the rehabilitation of Kiangsi, declared, "This growing cooperation between government and Christian forces is distinctly encouraging. The Christian experimentors under the leadership of George Shepherd are doing one of the most significant pieces of Christian work in China. It is, however, an aspect of that movement which is drafting Christian leader into enterprises which are only indirectly an expression of church life. It indicates that while many Christians are adjusting themselves to China's search for a new life the church as a whole is failing to make that adjustment. The church is (still) too intent on saving and enlarging itself. . . ."

One of the best appraisals of the consequences of the collapse of the red regime in Kiangsi province that we have seen appeared in the February issue of the *Chinese Recorder*, the leading journal of missionary interests in China and was to the following effect,

> The "Soviet State" in China—Kiangsi and Fukien—has lost its territory and fled from its capital. In a disjointed form it is trying to reach West China being, at present, somewhere on the northern border of Kwangsi. The use of the term "extermination" is in this particular case partly justified. To bring about that retreat took upward of 500,000 Central Government troops four years to achieve, and involved a huge outlay of public funds. To the cost of putting an end to this aspect of the Soviet adventure in China must be added the cost of beginning it. The Fukien Provincial Government has reported that during the occupancy of this "Soviet (Red) State" 400,000 people were rendered homeless and a total property loss occurred of over $50,000,000 (silver). That is not all. A costly experiment in the solving of some of China's fundamental problems, indeed! In a sense the Government now has time to get its breath! But no more! Some escaped remnants of the "China Soviet State" army have become roving bands of desperadoes whose only surviving interest in economic problems, whatever it was originally, is to maintain themselves at anybody's expense and in any feasable way. The main remnant has, as we have noted, turned towards West China where it may add strength to the Communist Movement that has been growing in that part of China, and may ere long provide Szechwan with a Red army in its south as well as its north. Towards this latter field the Government is now turning its attention and even giving some aid in personnel, etc. towards meeting the situation. Evidently the problem of Communism in China did not end with the trek of the "Soviet State" from its erstwhile territory.
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> It is well to remember, too, that the burden of economic insecurity which gives rise, in considerable measure, to these Red revolts still remains with us. It may be true that the activities of these Red armies are sometimes simply movements by political opponents of a provincial or the National Government. Sometimes their leaders are only adventurers and, perhaps, less frequently simply metamorphized bandit bands. In the use of terrorist methods they go as far, sometimes farther, than Red movements elsewhere. But their philosophy is unformed and their hold on those they affect directly weak. To unravel these criss-cross relationships is almost impossible. The fact remains that economic inequities and iniquities have much to do with them. People who are economically secure or contented rarely respond to the enticements of Reds or any other revolutionary movement. In the territory held by the "China Soviet State" the Government is promoting a campaign to relieve these economic stresses—to improve upon the aims of the "Soviet State." We hope that no consideration will cause it to be shunted onto a siding. That would be calamitous! It would be a mere council of perfection to suggest that this Kiangsi experiment should be at once repeated all over China, though eventually only some such widespread attack on economic inequities will solve finally the issue of Red or other movements. The fact remains that not only should the Government's Kiangsi experiment continue but others should be started so that the Chinese people may begin to see light on their economic future. All this is a challenge, too, to Christians who claim they can outthink and out-live the Communists. The "menace" of Red armies and "states" may be brought to an end. But the issue of enabling the people to live decently will not end until decent living is generally possible.

Gen. Jiro Minami and Kwantung Army "Take Over" Japanese Diplomacy

WHEN the Japanese Cabinet handed over supreme control of Manchuria to the Kwantung army it laid the foundation for the development of a very dangerous situation—dangerous not only from the standpaint of Japan's future welfare, but highly dangerous from the standpoint of peace in the Far East and the world generally.

Only a few weeks have elapsed since Gen. Jiro Minami assumed supreme command as the military dictator of China's former four northeastern provinces, but already there have been sufficient happenings of an alarming nature to indicate the dangerous trend of affairs. First, there was the drive into Chahar involving the occupation of more than a thousand additional square miles of Chinese territory and the establishement of another "no man's land" in eastern Inner-Mongolia. Next, there was the clash with the Outer-Mongolians in the vicinity of Lake Buyer-nor, which might easily constitute the real beginning of the long expected war between Japan and the Soviets. Then there was the declaration from Gen. Minami's headquarters at Changchun on Jan. 29 to the effect that the Kwantung army intended to compel the National Government at Nanking to enter into a treaty arrangement with Japan wherein China would be compelled to give guarantees against any future "invasion" of the puppet state. Gen. Minami declared that China would be held directly responsible for any future fighting in Manchukuo territory caused by China's disregard of the borders of the new state. This constituted warning that the Kwantung army intended to compel China to recognize Manchukuo.

Shortly following the inauguration of Japan's new military deal in Manchukuo and the appointment of Gen. Minami as supreme dictator, the Kwantung army headquarters opened an office in Shanghai with Lieut.-Colonel Teisho Kageso in charge. Col. Kagesa, who appaprently has ample funds at this disposal, not only leased a residence for his personal use on Scott road, but opened a headquarters office on Range road where he is said to have sixteen assistants engaged in espionage and propaganda activities. On Jan. 1 and 4 Col. Kagesa contributed articles to the local Japanese newspapers warning the local Japanese population that all was not well in the relations of Japan and China. Specifically he declared that while the Chinese people desired friendly relations with Japan they were being "kept away from achieving their objective by a few of the Chinese ruling class who were abusing their power." Col. Kagesa's statements constituted an attack on Gen. Chiang Kai-shek, Wang Ching-wei and the other leaders in the Kuomintang. Shortly afterward, Col. Kagesa accompanied Akira Ariyoshi, Japanese Minister and Lieut.-General Yoshimichi Suzuki, Military Attache, on the trip

to Nanking to interview leaders of the National Government on the subject of Sino-Japanese relations. As indicated in our reference to these interviews which appeared in *The Review* on Feb. 9 (Page 47) the talks were rather one-sided: the Japanese military officers, one representing the General Staff in Tokyo and the other the Kwantung army headquarters in Manchukuo, told Gen. Chiang that it would be necessary for China to immediately disconstinue all anti-Japanese activities, whether concerning boycotts of Japanese goods or anti-Japanese teachings in the Chinese schools.

Gen. Jiro Minami, Commander-in-Chief of the Kwantung Army, Ambassador to Manchukuo and Military Dictator of China's former four Northeastern Provinces.

Now, on top of these developments the Japanese press services in recent days have issued voluminous reports about the pending visit of Major-General Kenzo Doihara, chief of the special service department of the Kwantung army to north and south China. Doihara's name has long been synonomous with Japanese intrigue. He is credited with arranging the details of the original Japanese intervention at Mukden on the night of Sept. 18, 1931. He had still more to do with the drive of the Japanese army into north Manchuria and occupation of Harbin and while he slipped up in his intrigue with Gen. Ma Chan-shan and had to go into retirement for a while, he shortly afterward returned to active work in Manchuria. Now, as head of the so-called special service department, another name for "director of intrigue" Gen. Doihara is calling on Chinese political and military leaders from Peiping to Shanghai and possibly further south. He is said to be accompanied by some 20 assistants, all officers in the Kwantung army. According to a recent debate in the Diet, it was brought out that the Kwantung army has a "secret fund" of 7,000,000 yen at its disposal for which the army is not compelled by law to make any accounting to the Tokyo Cabinet.

The opposition raised by Japanese civilian interests to the placing of Manchuria under a military dictatorship was manifested in the police strike in Dairen last fall when the War Minister threatened to resign unless the Cabinet accepted the military proposal. That the Cabinet's fear of future complications was well founded has been proved by the developments referred to in the foregoing, but of more significance from the standpoint of political conditions in Japan is the fact that the Kwantung branch of the army is becoming all-powerful. With the combined Kwantung-Manchukuo armies of approximately 200,000 men under its command and with Manchuria's 30,000,000 people and vast resources under its almost undisputed control, the Kwantung army is in a position to exercise potent influence on affairs in Japan. This influence is being felt in innumerable ways, financially, economically and politically. In finance the Kwantung army declares it cannot reduce expenditures but must have a considerable increase next year, despite the declaration of Finance Minister Takahashi that Japan already has spent too much money on the Manchurian adventure. In the field of diplomacy the situation is even more dangerous for the Kwantung army is gradually encroaching on the prerogatives of the Tokyo Foreign Office in its handling of diplomatic affairs with respect to China. During the recent Chahar and Outer-Mongolian complications the Kwantung army cabled its own versions of the situation abroad without reference to the Tokyo Foreign Office, alleging that this was necessary in order to combat reports which were being issued from Chinese sources. In other words a situation is rapidly

developing where the Manchurian tail is wagging the Japanese dog, a development of highly dangerous possibilities since it is entirely within Gen. Minami's power to involve Japan in a war on either the Chinese or Soviet fronts.

Gen. Jiro Minami is the fourth commander-in-chief which the Tokyo War Department has sent to Manchuria since the original occupation in 1931, his predecessors being Honjo, Muto and Hishikari. In a sense there is poetic justice in sending him to Manchuria because, as the leader of the so-called "resolute" element in the army he probably was responsible more than anyone else for creating the conditions that paved the way for the Japanese occupation of the territory. He was the creator of the fascist movement in Japan and originator of the slogan that Manchuria constituted Japan's "life-line." According to an article in the January issue of *Ishin* (Tokyo) Gen. Minami started the movement for the defense of Japan's "life-line" in Manchuria and distributed the propapganda which discredited Baron Shidehara's liberal or "friendship" policy toward China. Shortly after his arrival in Changchun to assume the post of Dictator of Manchukuo, the *Manchuria Daily News*, organ of the South Manchuria Railway published an interview with Minami wherein he was quoted as declaring that it was "not impossible or improbable that the northern Chinese provinces might declare their independence and seek attachment to the Manchukuo federation." Gen. Minami declared however, that the Kwantung army would not be used to support such a move and neither would it interfere in the politics of north China. With regard to Soviet-Japanese politics in the Far East, Gen. Minami referred to Gen. Blucher, the Soviet commander at Habarovsk, to the following effect, "If Blucher intends any personal adventures apart from the policies of Moscow, he will find that we have taken proper precautions. We are not going to say what our plans are, but preparations of a defensive nature are adequate for any emergency arising in Siberia." The editor of the Dairen paper described Gen. Minami to the following effect,

> "The representative in Manchuria of the Japanese Emperor is a man of medium stature, of muscular stoutness. He has the broad head of the natural fighter, with heavy-lidded eyes—they look blue to me—set in a pink, good-humored face. He affects a spare, grey moustache over a broad mouth. His hair is of the close-cropped, bristly military style. There is decision in the General's movements. He takes his seat, reduces the usual introductory mannerisms to the minimum and then "goes at it." That is, he gives one the eye of interrogation, as if to say "Get on with it." He, in turn, "gets on" with sharp-clipped answers, unhesitatingly given, with little circumlocution and a convincing openness. His manner is forthright and frank."

C. E. R. Liquidator's Memorandum Appears in Pamphlet Form

The report to the creditors and the memorandum on the Chinese Eastern Railway prepared by Percy Chu, liquidator of the Russo-Asiatic Bank of China, the general import of which is that the Soviet authorities have no power to transfer C. E. R. shares unless the certificates bear a transfer endorsement duly Rgned and sealed by authorized representatives of the siusso-Asiatic Bank, has been printed in pamphlet form.

Ministry of Finance Opposes Increased Cotton Duties

With regard to the proposal for relief of the cotton industry, submitted by Wu Chih-hui and four other members of the C. E. C. to the 5th Plenary Session of the 4th Central Executive Committee of the Kuomintang in December last, the Ministry of Finance, in a petition to the Executive Yuan, states that while the native cotton mills are in urgent need of relief, their rehabilitation cannot be effected merely through the increase of the Customs import duty on foreign cotton or the reduction of the Consolidated Tax on Cotton Yarn. The Customs import duty on foreign cotton, the petition points out, has already been raised recently, the rate on imported cotton cloth being 25% *ad valorem*. Moreover, statistics indicate that the amount of foreign cotton imported into China in 1934 was already less than in the previous year. Furthermore, the petition continues, the Customs Import Tariff was revised and enforced only in July last (1934). It is not advisable therefore to have the Tariff revised again within a period of less than a year

A Chekiai Agency dispatch from Nanking dated Feb. 9 stated that the Legislative Yuan is understood to be studying a revision of the tariff on imported cotton goods. It was predicted that the present rates would be increased with a view to protecting the native made cotton abrics.

Loy Chang Appointed Head of National Tariff Commission

The Ministry of Finance has appointed Loy Chang, acting Director of the Customs Bureau, concurrently as Chairman of the National Tariff Commission.

Imports from Soviet Russia to China Show Large Increase

Soviet Russia's trade in China in certain commodities has grown considerably during the last two years. Imports to China from Soviet Russia for the last year are estimated at $20,000,000, the chief commodities being cotton textiles (particularly printed cambrics, shirtings, etc.) metals, minerals and hemp. As against this, China is losing ground in the Russian market. China's tea exports to Soviet Russia for the last year are valued at $3,000,000, only two-thirds of the total annual exports five or six years ago.

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Reduced Tax on Exchange Transactions Is Approved by Legislative Yuan

In presenting a revision of the proposed Regulations governing imposition of a tax on exchange transactions in stocks and commodities at the plenary meeting of the Legislative Yuan Feb. 8, Dr. Ma Yin-chu and Liu Chen-tung, on behalf of the Finance and Economic Committees, reported on their nvestigations and the reasons for revision of the rates.

It was explained that the tax on transactions in stocks (and bonds) is to be imposed *ad valorem* and that cash (spot) itransactions will be exempted. Different rates will be imposed on stocks according to the term of contract.

As to gold bars, cotton, cotton yarn and flour, a tax equivalent to one-twentieth (or five per cent) on the brokerage is to be imposed, according to the authorized scale of brokerage for these commodities.

As cereals, yellow beans, red grain, beancake and bean oil, are either agricultural or industrial edibles or materials, the tax on these commodities will be lighter. A tax equivalent to one-fortieth (or 2.5 per cent) on the brokerage is to imposed according to the brokerage scale.

After lengthy deliberation, the majority voted in favor of the recommendations made by the Finance and Economic Committees for a reduction of the rates of taxation, and the original regulations were therefore revised accordingly and passed.

Legislative Yuan Examines Telegraph Agreement

The draft International Telegraph and Wireless Agreement was approved in principle by the Legislative Yuan at a meeting at Nanking, Feb. 8, following examination by the Foreign Affairs Committee. Approval was given to the draft document by the Legislative Yuan on the very important proviso that the Chinese Government will not recognize the right of using or installing telegraph and wireless facilities by any foreign government agents or nationals in foreign settlements, concessions, leased territories, foreign legation quarters, railway zones or other places of similar status in this country without permission of the National Government. In whatever way this agreement may be interpreted in connection with the above-said territories either expressly or implicitly, the said agreement and its annexes, it is further emphasized, should in no wise affect China's sovereignty.

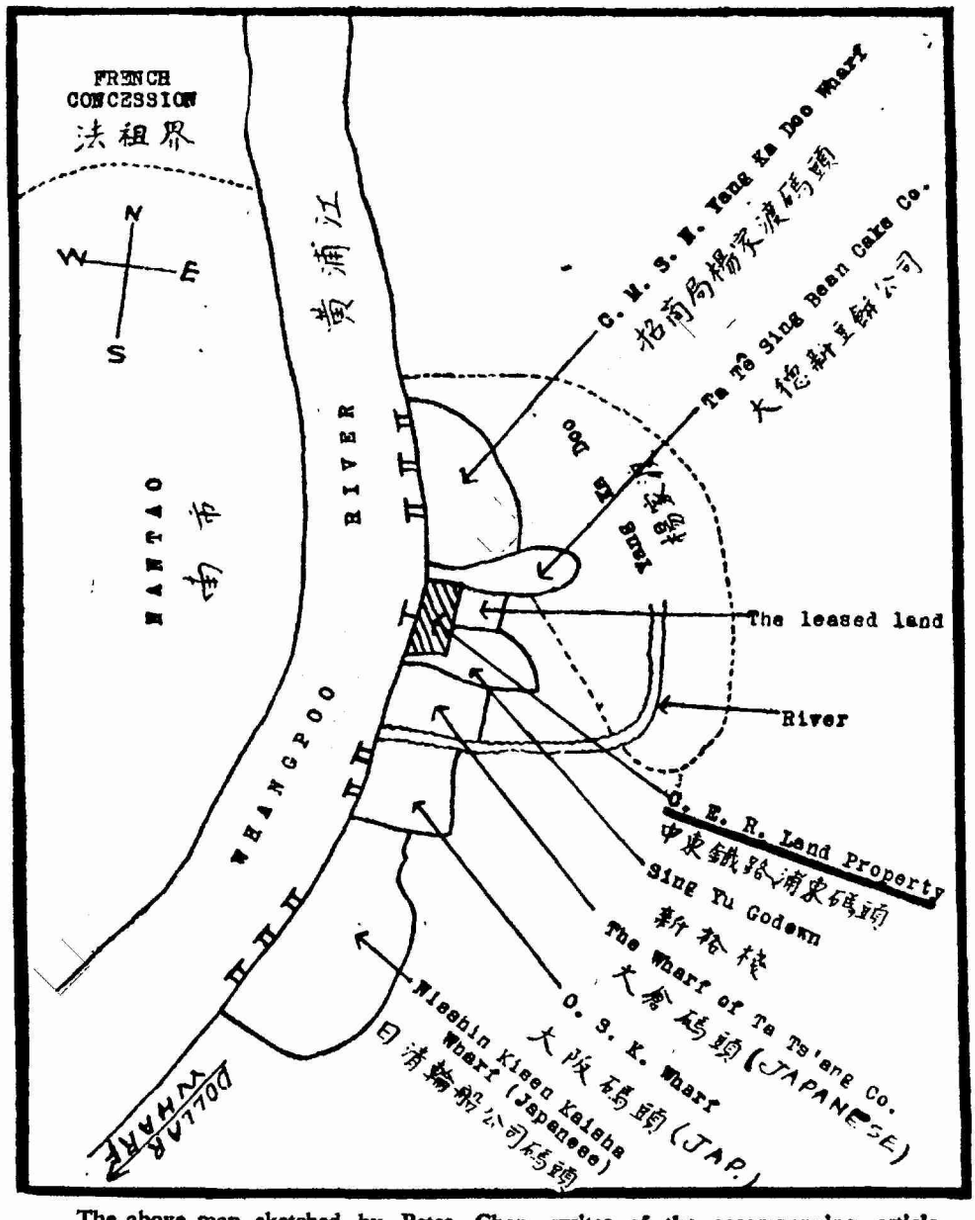
Dr. Haas Exerts Himself to Develop China's Communications

Robert Haas, head of the Transit and Communications Department of the League of Nations, in an interview shortly after his arrival in Nanking from Shanghai said :—"As the League's liaison officer in China, I shall exert my utmost in working out concrete programs for the development of communications facilities in China, especially highways."

Further Complications Involved in Transfer of C. E. R. Property at Shanghai

BY PETER CHEN

SECRECY maintained by the Chinese and Soviet diplomatic authorities at Nanking and their respective representatives at Shanghai doesn't mean that no interest is being paid to possible complications likely to arise resulting from the transfer of the properties of the Chinese Eastern Railway to Manchukuo. The transfer of the property is expected to take place immediately following the signing of the documents sometime this month. Percy Chu, liquidator of the old Russo-Asiatic bank, the original legal owner of the Chinese Eastern Railway, recently issued a fourteen page pamphlet dealing with various phases of the subject, the last paragraph of which reminded the Japanese Government that no shares or certificates of shares of the C. E. R. . . . "can constitute a valid title for further transfer . . . . unless said shares bear a transfer endorsement duly signed and sealed by authorized representatives of the Russo-Asiatic Bank, *sole owners of the same.*" Outside of a three-line letter of acknowledgement signed by T. Horiuchi, first secretary of the Japanese Legation at Shanghai, there was no further comment from Japanese sources. Mr. Chu's pamphlet undoubtedly constituted an important chapter of China's case on the issue involved in the Soviet sale of the C. E. R. to Manchukuo. The Chinese authorities issued a formal protest against the sale several months ago at the time of the opening of negotiations in Tokyo and they probably will have considerably more to say later on when the actual sale is consummated.



The above map, sketched by Peter Chen, writer of the accompanying article, shows the location of the riverside property at Shanghai which is owned by the Chinese Eastern Railway and in consequence is involved in the pending transfer of the property to the Japanese protected state of Manchukuo.

Everybody realizes, of course, that the Soviet authorities, in consenting to sell the railway to the Japanese controlled state, did so in order to avoid or postpone a war with Japan. The Japanese Kwantung army didn't want to buy the railway, arguing that it was a waste of money to pay for something which they already, in effect, had seized. But the Officers of the Kwantung army changed their minds later on, particularly after the Russians had begun to concentrate troops on the Siberian border and had begun to talk about defending their property. Negotiations dragged on between representatives of the U. S. S. R. and Manchukuo with Japan acting as "mediator" for practically twenty months and on several occasions the situation became so hot as to threaten war. But a settlement finally was reached and is now awaiting ratification, Japan, in the meantime having taken steps to raise the money through a bond issue to finance the initial payment. After the transfer the C. E. R. in all probability will be amalgamated with the Japanese Government-controled South Manchuria

Railway which has already gobbled up all of the former Chinese-owned railways in Manchuria and from present prospects is on the way toward control of all of the other Chinese railways north of the Yellow river. In accordance with the terms of the so-called Tangku truce, ending hostilities in the north, which was signed on May 31, 1933, the Chinese military authorities agreed to permit the Japanese railway octupus to operate trains (carrying armed Japanese guards) directly into Peiping, thus creating a situation in north China quite similar to that which prevailed in Mukden prior to the Japanese occupation in the fall of 1931.

Since the Chinese Government has no authority in Manchuria and only limited authority even in North China, it obviously can do nothing to prevent the transfer of the C. E. R. in which China has heavy vested interest, to the puppet state of Manchukuo. However, the transfer of this property has a local intrest, due to the fact that the C. E. R. possesses valuable water-front land on the Whangpoo river directly opposite the Nantao section of the Municipality of Greater Shanghai. As shown by the accompanying map the land owned by the Chinese Eastern Railway in Pootung, is on the Whangpoo River bank at Yang Ka Doo. The map shows roughly that, adjacent on the north is the C. M. S. N. Yang Ka Doo Wharf (招商局洋涇碼頭) and, to the south the Wharf of Ta Tsang Co. (Okura & Co. 大倉洋行碼頭) owned by Japanese. This piece of land is rectangular in shape, 12.185 mow in area, and is valued approximately at $210,000 ($17,000 or $18,000 a mow). It is used as a wharf and for general cargo. It has a total plain bunding of 450 feet with 500 feet actual pontoon frontage. Fifteen feet is the water depth at normal line. This land property has been registered at the local American Consulate-General for several years as "U. S. Consular Lot No. 850." The American consular authorities state, however, that the registration of the land was made several years ago and was formal in nature and that no actual American interest was involved. The whereabouts of the title deed is not known but according to report is in Harbin at the head office of the C. E. R. At the Whangpoo Conservancy Board, the property is listed as lot No. 22. The land property is enclosed by a concrete wall on 3 sides but is open in the river front. The wharf office is in a small brick building under the charge of a Russian, M. S. Soboohotoff. There is also a godown, not very large.

After a careful investigation on the site, it was discovered that the C. E. R. land property is actually joined on the north by the Ta Te Sing Bean Cake Co. (大德新油棺行) and on the south and southeast by Sing Yu godown (新裕洋棧) It is learned from reliable sources that the Chinese Eastern Railway has also leased for 5 years a square piece of land, located to the rear of its property at Pootung, from the Sing Yu Co.. The leased land appears to be a little smaller than the main C. E. R. property. The rent paid is $1,000 a year. The lease Contract has a term of 3 more years, but both parties agree that the contract will not be validated when the status of the C. E. R. property at Pootung changes. It must be noted, however, that the C. E. R. land property at Pootung is only seperated from the Wharf of Okura & Co. a Japanese concern by a very narrow strip of land about 20 feet in width, belonging to the Sing Yu Co.. It is also reported that this Japanese wharf has had very poor business in recent years. Having given above the location of the C. E. R. property at Pootung and its present status, one realizes the significance of the pending transfer politically, territorially and commercially. The argument that China has lost control over the C. E. R. is not true, as far as this land property is concerned, hence neither Russia nor Japan ignore Chinese sovereignty at Pootung. Furthermore, the whole transaction for selling the C. E. R. is questionable legally. China is, therefore, perfectly right in her alleged intention to repudiate the Russian demand for this transfer of Shanghai property to Japan or Manchukuo.

Since all parties concerned are maintaining secrecy with respect to the future status of the C.E.R. property in Pootung, no further information is available, but rumors have been in circulation for some time that the Japanese naval authorities have received instructions to assume control immediately following the official transfer of the main C. E. R. properties in Manchuria. Further rumors state that Manchukuo will, in turn, immediately sell the Pootung property to a Japanese concern, Okura and Company, which owns the adjoining property under the Chinese name of Ta Tsang and Company. Okura and Company owns extensive properties in Manchuria and is said to have close relations with the Imperial Kwantung army.

America Also Questions Legality

Of indirect interest, in connection with the sale of the C. E. R. was a report from Washington published in the *Osaka Mainichi* on Jan. 29 stating that hitherto confidential cablegrams, notes, and memoranda covering a period between January 9 and December 4, 1919, showing that Japan sought to acquire the North Manchuria Railway by diplomatic, technical, and financial maneuvers, were published by the United States Department of State. The period during the time these messages were filed was after the Russian Revolution when the railway was under the joint management of the Allies. The chairman of the inter-Allied commission was John F. Stevens, one of the American representatives. It was revealed by the publication of the messages that the United States government made representations at the time to Tokyo and Peking (now Peiping); apparently to check the Japanese move. Reports from Mr. Stevens concerning the Japanese plans, and cablegrams from Roland S. Morris, then ambassador from the United States to Japan, which were forwarded to the U.S. Department of State, revealed that the plan of Mr. Stevens for operation of the North Manchuria Railway as a unified system was opposed by the Japanese. The messages further revealed that this opposition from the Japanese later culminated in a demand from Tokyo that Japan receive sole control of the line. With this plan rejected by the State Department, it is learned that the Japanese sought to gain control of the line by a financial move which would necessitate the securing of funds from the banks of Japan.

With reference to the foregoing report from Washington a spokesman of the Tokyo Foreign Office said that if the United States Department of State unilaterally published the hitherto confidential diplomatic notes regarding the disposition of the Chinese Eastern Railway (now known as the North Manchuria Railway) as an expression of positive non-recognition of the de facto existence of Manchoukuo, as there is indication it has, then the matter is expected to give rise to a new diplomatic issue. Close followers of foreign relations, however, are under the impression that the very fact that the American government dug out from the archives of the State Department old documents at a time when Japan, Manchoukuo, and Soviet Russia had practically closed the railway deal, suggests that the American attitude inclines toward doubt of the legality of the transaction. Observers recalled that during the Washington conference of 1921-22, a motion was introduced by which it was aimed to establish Russia's legitimate ownership of the Chinese Eastern Railway and to recognize for China the right to manage the line on the ground that the line traverses Chinese territory. Because China has not taken part in the railway transfer negotiations, observers assert, the United States has intimated its opposition, in a measure, to the recent transactions.

Captured Communist Leader Is Exhibited in Cage at Nanchang

Fang Chih-min, a notorious Commmunist leader who was captured recently and is awaiting trial at Nanchang, was paraded in the streets in said city Feb. 7 in a bamboo cage. The populace celebrated Fang's capture at a mass meeting. The caged captive was placed on a platform in the centre of the town. Prior to his capture, Fang headed a force of several thousand Communists who terrorized southern Anhui and eastern Chekiang.

Gen. Chiang Kai-shek Reticent on Sino-Japanese Relations; More Victories Over Reds in Szechuen

HIGH LIGHTS IN THE EVENTS OF THE WEEK;

1. **General Chiang Non-Committal in Talks With Japanese Minister.**
2. **Gaimusho Urges Adjustment of Sino-Japanese Economic Relations.**
3. **Gen. Huang Fu Advises Japan to Drop Attitude of Superiority.**
4. **Importance of Wang-Ariyoshi Meeting Exaggerated by Japanese Papers.**
5. **Speculation Rife Regarding Visit of Maj-Gen. Doihara to China.**
6. **Sinkiang Leaders Renew Allegiance to Nanking Government.**
7. **More Victories Over Reds in Szechuen and Kweichow.**
8. **New Szechuan Provincial Government Inaugurated at Chungking.**
9. **General Tsai Ting-kai Bitterly Critical of Nanking in Interview.**
10. **Many Kinds of Irregular Taxes Abolished in Kansu Province.**

In connection with the interview between Akira Ariyoshi, Japanese Minister to China, and General Chiang Kai-shek, at Nanking on Jan. 30, the staff correspondent of the *Osaka Manichi* reported that General Chiang maintained a very serious attitude throughout the meeting. Minister Ariyoshi congratulated him on the recovery of his health, and the latter thanked him. Mr. Ariyoshi then expressed the hope of speedily solving the various Sino-Japanese questions that have been pending since a year and a half ago, explaining them minutely.

Regarding the question of the Sino-Japanese aerial connections, Mr. Ariyoshi said he regretted that while China has extended aerial rights to the United States and other countries, the issue with Japan has not yet been solved. The Japanese diplomat pointed out that this shows the inclination of the Nanking leaders to defy Japan and befriend the western Powers.

General Chiang Kai-shek replied that he would make efforts speedily to solve the aviation question. He also talked about the problems in North China and expressed the hope of concluding a political agreement to take the place of the military agreement, so a to restore the normal conditions as soon as possible.

Mentioning the Diet speech of Foreign Minister Hirota, Mr. Ariyoshi stressed the need of the Nanking leaders' recognizing the fact that Japan holds the key to the stabilization of peace in Eastern Asia.

The Chinese leader reciprocated the views, and said that he would make further efforts for improving the relations with Japan. He denied that Nanking leaders are following the policy of depending on the aid of the western Powers, stating that while China desires the closest cooperation with Japan, there is no need for her to make the western Powers her enemies. China has in mind the peace of Eastern Asia as well as that of the world and is acting according, he asserted.

"I am giving utmost consideration to the fundamental adjustment of the Sino-Japanese relations, and I hope Japan will show a conciliatory spirit," General Chiang said.

The *Asahi Shimbun* on Jan. 30 stated that while the interview between General Chiang Kai-shek and Lieut-Gen. Suzuki, Japanese military attache, at Nanking on January 29 attracted much attention as having significance for improvement of Sino-Japanese relations, reports said that General Chiang merely listened to the views of the Japanese Army in regard to China and failed to state views of his own in any positive manner.

The paper reported the views of the Japanese Army leaders on the Sino-Japanese problem as follows:

"The Nanking Government has been placed in a very difficult position of late on account of the financial trouble, Southwest issue and Communist-bandit problem. The Nanking Government, however, cannot expect to receive any more loans from Europe and America. As a natural outcome of this situation China has come, it appears, to re-examine her policy toward Japan.

"Any sudden change in her policy toward Japan is very difficult in view of the Kuomintang's tradition of long standing and her domestic policy. General Chiang has merely attempted to utilize Japan and met Lieutenant-General Suzuki to sound the attitude of the Japanese Army. We cannot interpret it as a sign of the awakening of China for the peace of East Asia on lasting basis.

"According to press dispatches, General Chiang in his talk with Lieutenant-General Suzuki did not express any views whatsoever regarding extermination of anti-Japanese goods and anti-Japanese education movement. It is premature to believe the change of attitude by the Nanking Government and Kuomintang toward friendship with Japan.

"Japan should not give a thought to the changeable attitude of the Nanking Government but will have to maintain the policy of strictly watching the trend of China with a calm attitude."

GAIMUSHO URGES ADJUSTMENT OF SINO-JAPANESE ECONOMIC RELATIONS

In connection with the question of Sino-Japanese Cooperation, the *Asahi Shimbun* reported on Jan. 31 that the Foreign Office is of the opinion that improvement of relations between the two countries must begin with co-operation in economic matters. For this purpose the Foreign Office favors an adjustment of Sino-Japanese economic relations instead of mere extension of lonas to China as heretofore done.

The plan now being considered includes the following:

1. Japan buy as much of the kind of goods which she usually imports from China as possible.
2. Japan let raw cotton to be raised in a wide area in North China by the hands of the Chinese farmers and import cotton for her spinning and thereby promote the purchasing power of the Chinese masses.

Concrete policy is being considered regarding the above suggestions. In addition to these, the Foreign Office is also considering personnel and material assistance to China for China's rationalization of her industries.

GENERAL HAYASHI DESIRES "FRIENDSHIP" WITH CHINA

The Japanese desire to establish and maintain friendly relations with China was stressed by General Senjuro Hayashi, War Minister, at the meeting of the Budgetary Committee of the Lower House on Feb. 7. Asked if the War Office was considering taking "positive steps" in China, General Hayashi stated that the question of Sino-Japanese relations mainly concerned the Foreign Office, but that he felt that the relations between the two countries "should be smoothed out."

"Since the outbreak of the Manchurian Incident Japan has been in a position of grave responsibility," General declared in reply to a question as to whether he considered the current developments to be of an emergency character.

The growth of Manchoukuo requires additional Japanese support, the War Minister continued. The expansion of the area requiring national defense adds to the seriousness of problems confronting Japan, Gen. Hayashi said.

GEN. HUANG FU ADVISES JAPAN TO DROP ATTITUDE OF SUPERIORITY

General Huang Fu, Chairman of the Peiping Political Council, received Japanese press representatives at his residence in Route Ghisi on Feb. 8.

Asked concerning his conversations with Lt.-Gen. Suzuki, Japanese Military Attache, and Akira Ariyoshi, Japanese Minister, recently, he stated that their discussions had been, in the main, concerned with the improvement of Sino-

Japanese relations. He stated that he had, speaking for General Chiang Kai-shek, assured the Japanese officials of the Generalissimo's friendship toward Japan, and that the latter was sincere in his desire to promote better relations.

General Huang stressed the necessity for Japan to drop her attitude of superiority towards Chinese. From the Tsinan incident in 1927 relations had become strained. He ascribed the main reason for the continuance of this strain, to the Japanese dislike of considering Chinese as their equals. From the attitude of superiority the major portion of the anti-Japanese feeling of the present time had arisen. If, however, Japanese will meet Chinese on an equal plane, he felt that good relations could once more be established.

IMPORTANCE OF WANG-ARIYOSHI INTERVIEW EXAGGERATED

The Staff Correspondent of the *Osaka Manichi* in a dispatch from Nanking on Jan. 30 stated that Dr. Wang Chung-hui, leader of the pro-Europe-American faction of China, visited Japanese Minister Akira Ariyoshi secretly at the Japanese Consulate-General following Mr. Ariyoshi's interview with General Chiang Kai-shek in Nanking. Much importance is attached to the interview between Minister Ariyoshi and Mr. Wang, since it is rare for such a leading person of the faction as Dr. Wang to call on a Japanese official. Although the contents of the interview has not been revealed, it is understood that in accordance with General Chiang's desire Dr. Wang reiterated China's request for Japanese financial assistance, and also explained the present general situation in China and the stand of the Europe-American faction toward Japan.

Interviewed by press representatives, Dr. Wang Chung-hui stated that the importance of his meeting with Mr. Ariyoshi had been greatly exaggerated by the Japanese papers. Dr. Wang said that he had known Mr. Ariyohi for many years, when Mr. Ariyoshi was Japanese Consul-General in China and that his meeting with him had no other object in view than renewing his acquaintance with him.

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With a view to increasing raw cotton exports to Japan, the Chinese Government is pushing forward a gigantic plan for an increase in cotton planting, according to T. Funatsu, Managing Director of the Japanese Cotton Spinners' Association in China, from Shanghai, says the *Japan Chronicle*. Shensi, Honan, Hopei and Shantung have large cotton belts, and this year 4,000,000 tan (a tan is 0.245 acre) is to be planted there. The Chinese Government intends to open up 10,000,000 tan in Kiangsu province in the next five or six years. For this purpose, it has already decided to defray $1,100,000, according to Mr. Funatsu. According to the *Chronicle*, the Chinese Government hopes that if China can increase her raw cotton exports to Japan—whose annual imports range from Y.500,000,000 to Y.600,000,000—she can not only improve the balance of her foreign trade but help promote better relations between the two countries.

JAPANESE COMMERCIAL ATTACHE AIRS VIEWS ON SINO-JAPANESE RELATIONS

All plans for Sino-Japanese co-operation are "mere day dreams" unless the prevaling anti-Japanese sentiment in China is first eradicated, Heitaro Yokotake, commercial counsellor of the Japanese Legation to China, told reporters on his arrival at Tokyo from China on Feb. 11.

"On every hand I hear of the improvement in Sino-Japanese relations," Mr. Yokotake said referring to the meeting recently held between Gen. Chiang Kai-shek and Akira Ariyoshi and Lieut.-Gen. Yoshiyuki Suzuki. "Once cannot overlook the factors that motivated these talks insofar as the Chinese are concerned, especially the maneuvering behind scenes of the Chekiang financiers," Mr. Yokotake continued.

"It seems to me that China is expecting financial assistance from Japan," Mr. Yokotake asserted, adding that China's recent approach to the United States to negotiate a loan seems to have been treated lightly. Her next move was towards Great Britain but there again she is reported to have been turned down," he said.

"However, I cannot tell whether Japan should agree to China's proposals for a loan or not. It is out of question, if the amount in question is below $300,000,000 Mex., Mr. Yokotake stated.

OSAKA TRADE CHAMBERS OFFER AID TO CHINA

Rengo reports from Tokyo on Feb. 9—that a group of 40 outstanding Osaka business leaders are offering to extend economic aid to China, if the latter is "sincerely desirous of economic cooperation with Japan." The group was appointed by the Osaka Chamber of Commerce and Industry, and was instructed to seek ways of improving the relations between the two countries. The inaugural meeting of the committee was held on Feb. 9.

Simultaneously, the Tokyo Chamber of Commerce and Industry announced an ambitious program aiming at the betterment of Sino-Japanese relations.

SPECULATION RIFE REGARDING VISIT OF MAJ.-GEN. DOIHARA TO CHINA

Rumors of possible rise of fresh Sino-Japanese complications in North China are rife with the sudden arrival there from Changchun of Major-General Doihara, head of the Japanese Special Service Corps in Manchuria. It is reported that General Doihara is entrusted with certain missions by General Minami, Commander-in-Chief of the Japanese Forces in Manchuria, in his present visit to China.

Interviewed by Chinese newspapermen Feb. 8, Major-General Doihara said he had come to Peiping in a strictly private capacity. Besides visiting friends, he said that another purpose of his trip was to investigate conditions in the North, which he was also doing in a private capacity.

The Sino-Japanese situation, he said, had shown marked improvement in recent months, and if the authorities of the two countries continued to exert themselves, it would not be difficult to restore the situation to the state that prevailed prior to the outbreak of the Mukden Incident of September 18, 1931. He expressed the opinion that cooperation between China and Japan would constitute one of the safest guarantees of peace in the Far East.

An alleged plot to assassinate Major-General Doihara whose exploits have won him the sobriquet of "Japan's Lawrence of Manchuria," was revealed in Tientsin on Feb. 11, according to a *United Press* report. Two armed Chinese, it was officially confirmed, were arrested aboard the Peiping-Tientsin express which brought Major-General Doihara to Tientsin. On the persons of the two arrested men were found pistols, while one of them carried a newspaper photograph of the Japanese officer, apparently to assist them in identifying him. Several bombs also were found in the baggage of the two apprehended men. Pending further investigations, the suspects are now being held in custody by Chinese military authorities.

According to a *Rengo* report, the Chinese, who gave his name as Hsu I-jen and his age as 26, was arrested on the evening of February 9, while approaching Major-Gen. Doihara's compartment. The report added that the arrest was made by a member of the Tientsin City branch of Kuomintang.

General Doihara has been rumored as the successor of Lieut.-General Suzuki, Military Attache of the Japanese Legation in Shanghai. He left Tientsin on Feb. 13 by steamer for Tsingtao on his way to Nanking and Shanghai. From Tsingtao, he will visit Tsinan before entraining for the South.

CHAHAR INCIDENT IS CLOSED WITH RETURN OF SEIZED ARMS

The 37 rifles and 1,500 rounds of ammunition seized by units of the 29th Army from the Jehol militia corps during the recent fighting in eastern Chahar were returned on Feb. 7 by the magistrate of Kuyuan to the Japanese military authorities at Tatan, western Jehol, in accordance with the agreement reached at Tatan Conference. The Chahar affair is now considered formally closed.

WAR ZONE ISSUES SAID SETTLED AT TIENTSIN MEETING

According to information from semi-official sources, a tentative agreement was reached at a meeting held at Tientsin on Feb. 11 between Chinese and Japanese officials for the settlement of the major outstanding issues in the Demilitarized Zone. The meeting was attended by Ying Ju-keng and Tao Shang-min, respectively Administrative Inspector of the Chihsien-Miyun and the Luantung Areas, on the Chinese side, and Colonel Takahashi, military attache of the Japanese Legation at Peiping and an officer of the Tientsin Japan-

ese Garrison, representing the Japanese authorities. Among the problems said to have been settled are the retrocession of the Malanyu Pass, the dispatch of Chinese Special Police Corps to the Luantung Area and reorganization of the militia corps in Yutien.

KIRIN POLICE MUTINY AND KILL JAPANESE OFFICIALS

According to a dispatch received at Peiping from Kirin, over 1,000 policemen in Huatien-hsien, Kirin, suddenly mutinied on February 6 and killed a number of Japanese officials in that district. The dispatch adds that the mutineers are now attacing Antu-hsien, Liaoning.

TELEGRAPHIC COMMUNICATION WITH NORTHEAST RESTORED

Telegraph communications between China Proper and the Northeast will be resumed on Feb. 15, according to information from communications circles. Damaged telegraph poles have recently been repaired and all telegraph offices in Tientsin and Peiping have been notified of the date of the resumption of service.

NANKING ENVOY TO TIBET DUE AT SHANGHAI THIS WEEK

General Huang Mu-sung, Special Envoy of the National Government to Tibet, who recently arrived at Canton from Lhassa, left there for Nanking on Feb. 10. He is travelling by way of Hongkong and is due to arrive at Shanghai shortly.

An Office of the Special Cultural Commissioner for the Western Border was formally inaugurated on the 8th inst. in the territory of Alashan Banner, Ninghsia. In a circular telegram, the Panchen Lama, "Living Buddha" of Tibet, recalls that he formally assumed the office in Nanking on Dec. 24 of the 21st year (1932). The Panchen Lama will leave Ninghsia for Chinghai (Kokonor) soon after the 15th inst., his birthday anniversary.

SINKIANG LEADER PLEDGES ALLEGIANCE AND SUPPORT TO NANKING

Acting under orders from General Sheng Shih-tsai, Border Defense Commissioner of Sinkiang, Chang Yuan-fu, resident representative of the Sinkiang military leader in Peiping dispatched on Feb. 10 a telegram to General Chiang Kai-shek, President of the Military Affairs Commission, and Wang Ching-wei, President of the Executive Yuan, stating that the Sinkiang Authorities pledge their unreserved support to the Central Government and will do their utmost to preserve the territorial integrity of the country.

Mr. Chang has been instructed by General Sheng Shih-tsai to invited the families of Northeastern officers who resisted the Japanese invasion of Manchuria to migrate to Sinkiang. Free conveyance will be provided on the Sinkiang-Suiyuan Inter-Provincial Highway for those wishing to go to Sinkiang for reclamation work. The Central authorities have also been requested to grant free passage on the Peiping-Suiyuan Railway.

GENERAL CHIANG KAI-SHEK BUSY AT KULING IN RECEIVING VISITING COMMANDERS

Since his arrival at Kuling, General Chiang Kai-shek, President of the Military Affairs Commission, has received a large number of ranking commanders from various provinces, to whom he has given instructions concerning the rehabilitation work to be carried out in their respective garrison areas. Among those received were Generals Chang Hsueh-liang, Chiang Ting-wen, Ku Chu-tung, Hsiung Shih-hui, Yu Chi-shih, Chao Kuan-tao and Lo Cho-ying.

General Chiang Kai-shek is depatching Li Ching-kung, member of the Legislative Yuan, to Kweichow on a mission. Mr. Li is a native of Kweichow and is being sent specially by General Chiang to his native province to render assistance in the bandit-suppression campaign, readjustment of civil administration and institution of rehabilitation measures. Mr. Li will leave Nanking for Kuling in a few days to confer with General Chiang following which he will proceed to Kweiyang via Hankow and Chungking. He has asked for three months' leave from the Legislative Yuan in order to fulfil his new mission.

ANOTHER "RED" LEADER RECANTS

Cheg Chu-i, member of the so-called Chinese Soviet Executive Committee, who was captured sometime ago by the Government forces in Kiangsi, has issued an open letter to the country, confessing his past wrongs, when he was connected with the Communist Party. He said that the only way to save China from the present national crisis, so far as he can see, is to struggle according to the San Min Chu I, while the policy pursued by the Communists can only lead the country to ruin.

NANCHANG-PINGHSIANG RAIL WORK TO START ON OCT. 10

Construction work on the Nanchang-Pinghsiang section of the Chekiang-Kiangsi Railway is scheduled to be started on the coming Independence Day, October 10. The section, which will be about 300 kilometers in length, would cost about $20,000,000 in construction.

NEW SZECHUAN PROVINCIAL GOVERNMENT INAUGURATED

The new Szechuan Provincial Government was formally inaugurated at Chungking on Feb. 10 when General Liu Hsiang, the new Chairman, and the new members of the Provincial Government Committee were sworn in office. The oath was administered by Hsien Sheng-tang, President of the Szechuan Provincial High Court, on behalf of the Executive Yuan. General Chiang Kai-shek was represented at the ceremony by General Ho Kuo-kwan, Chief of the General Staff Corps of the Provincial Headquarters of the President of the Military Affairs Commission.

The National Government issued a Mandate on Feb. 9 appointing General Liu Hsiang as concurrently Commander of the Szechuan Provincial Peace Preservation Units. In addition to these two posts, General Liu is concurrently Commander of the 21st Army, Commander-in-Chief of the Szechuan Bandit-suppression Forces and Rehabilitation Commissioner for Szechuan.

Following the inauguration of the new Szechuan Provincial Government, a circular order was issued by the Headquarters of the 21st Army to the district authorities within its garrison posts to hand over civil affairs to the Szechuan Provincial Government. All administrative matters must hereafter be dealt with by the Szechuan Provincial Government in accordance with the instructions of the Central Government. Much significance is attached to this order as it is intended to unify the provincial civil administration; District magistrates have hitherto been under the control of the headquarters of the various Szechuan armies.

ELABORATE PREPARATIONS MADE AT CHUNGKING TO WELCOME GEN. CHIANG KAI-SHEK

While no date has been fixed for General Chiang Kai-shek's departure from Kuling for Szechuan elaborate preparations are being made in Chungking to welcome the Generalissimo. Military commanders in different parts of Szechuan are arriving at Chungking daily to await the Generalissimo's arrival, and local authorities are busily making preparations to give General Chiang a most enthusiastic reception.

It has been the general belief for some time the General Chiang will shortly proceed to Chungking to give personal instructions to the Szechuan commanders in their forthcoming concerted drive against the Reds.

According to the latest information from Szechuan, Communist forces from Kiangsi are making a desperate attempt to escape into northwest Szechuan to join the communists under Hsu Hsiang-chien. If successful, the combined force will attempt to escape into Kansu with the object of occupying Kokonor and Sinkiang. The strength of the communist army, however, is stated to be rapidly weakening as a result of severe punishment received at the hands of Government forces. To hasten the early extermination of the "Reds" in Szechuan, General Chiang Kai-shek has authorized large cash rewards for the capture of bandit leaders. It is announced that a cash reward of $100,000 will be given to anyone, Government troops or people, for the capture alive of either Chu Te, Mao Tse-tung or Hsu Hsiang-chien; and a reward of $50,000 for the arrest of either Peng Te-huai, Lin Piao, Tung Chen-tang, Chou En-lai or Chang Kuo-tao.

MORE RED CITIES IN SZECHUAN CAPTURED

Two important victories,—resulting in the recapture of the cities of Ilung, 120 miles north of Chungking, and Wanyuan, about 80 miles north of Wanhsien,—were scored by Government troops over the "Reds" under Hsu Hsiang-

chien in northern Szechuan on Feb. 6.

That all traces of the remnant "Reds" under Chu Te and Mao Tse-tung in southern Szechuan have virtually been cleared up, is reported by General Liu Hsiang in a telegram to General Chiang Kai-shek. Summarizing military reports from the southern front, General Liu states that 5,000 "Reds" were defeated by four Szechuan Brigades under Major-Generals Kuo Hsun-chi, Liu Chao-li, Fan Shih-chieh and Liao Tse. In addition to 1,000 killed, several hundred outlaws were made captive and several hundred rifles seized. The reminder have fled to the border of Yunaan province via Weisin, north-eastern Yunnan near the Yunnan-Szechuan-Kweichow border.

COMMUNISTS IN N. SZECHUAN MOVE TO KANSU

As a result of the relentless drives by both the Szechuan and Shensi troops, the communits have decided to abandon their positions in northwestern Szechuan and attempt to push their way into Kansu. They have already evacuated the important city of Tungkiang in northern Szechuan and are marching in the direction of Nanking, a city further northwest of Tungkiang neat the Sheni border. The hope of the Communists eventually to link up with those under Chu Teh and Mo Tze-tung has now been completely shattered, as Government troops have succeeded in dislodging them from northern Kweichow and driven them further west into the mountainous and largely barren districts in the extreme southwest corner of Szechuan. They are reported to be fast dwindling in number and are short of both arms and supplies.

Appealing to the various militia corps of Szechuan, General Liu Hsiang in a message states that the threatened invasion of the province by the "Reds" under Chu Te and Mao Tse-tung necessitates the assistance of the militia. Pointing to the success of the militia units in northern Szechuan, General Liu urges the militia throughout the province to follow their example in fighting the "Red" marauders. Those in the rear should be responsible for taking a census in order to exterminate the reactionay elements, while those at the front should defend the blockhouses and surround the invading "Reds." The militia units near the bandit-suppression zone should concentrate all shipping, food supplies and arms and take concerted action with the bandit-suppression troops.

The city of Pachung, another "Red" lair in northern Szechuan, was captured by the Szechuan troops on Feb. 8. Chikungling and Changtanho have also fallen into Government hands. The units of the 3rd Route Army under General Li Chi-hsiang have crossed the Pa Ho (River) to attack the "Reds" at Nanking in conjunction with other Szechuan units.

The Szechuan branch of the Central Bank of China will be formally established at Chungking on the 15th inst. Yang Hsiao-po has been appointed manager of the branch office.

Writing on the Communist situation in Shensi on Jan. 30, the correspondent of the *North China Daily News* at Sianfu reported that a large band of Communist bandits, variously estimated as from 2,000 to 6,000 strong, came up from the South-east and pillaged a number of places. They got within five li of Lonan, where the inhabitants who had experienced Red attentions before, fled in desperate panic. The crowd of fugitives blocked the city gate and many dropped from the city wall in their eagerness to get away. Among them, it is said, was the local magistrate who broke his false teeth in the fall. As this city is not much more than 100 li from the railway to Sianfu there was a real peril to communications, but the Government troops seem to have headed the band into the southern mountains, where it is said they have just looted the city of Chenan. General Yang Hu-ch'en, who has been in the Han Valley watching the Szechuan situation, is now at Shangchow on the S.E. road. He is said to have degraded some of his officers for not making a better show against the Reds.

With reference to the situation in Shensi, reports reveal that the Red remnants there fare no better. During the past three days, it is stated that the Reds under "Monkey Yang," another notorious Red chieftain, have met several reverses in the vicinity of Patuwan near Hengshan on the Shensi-Ninghsia border in the hands of the Shensi troops under the command of Gen. Ching Yueh-hsiu.

GENERAL TSAI TING-KAI SEVERELY CRITICAL OF NANKING

A demand that China should offer unrelenting resistance to Japanese encroachments was voiced on Feb. 5 by Gen. Tsai Ting-kai, hero of the 1932 Sino-Japanese "undeclared war" at Shanghai, as h sailed aboard the s.s. *Mariposa*, homeward bound, by way of Australia, according to a *United Press* message from San Francisco.

"The only way to effect the political unity of China is rule by law, instead of by individual whim," Gen. Tsai said.

Gen. Tsai, military leader of last year's abortive Fukien revolt, crushed by the National Government of China in a few days, bitterly assailed Nanking. He claimed that he wanted to lead his troops to Jehol to oppose the Japanese seizure of that province, but that he had been prevented from doing so.

"Chinese soldiers are superior to the Japanese in everything but equipment," he asserte. He said that, when he returns to China, he "will get in touch with our people and an encourage a patriotic pirit," although intending to live "as a plain person."

"My American tour has convinced me that a free press, the advancement of education, good communications, and constitutional instead of personal rule should be followed to save the nation," Gen. Tsai said.

He spoke in glowing terms of Gen. Feng Yu-hsiang, once called the "Christian General," who he said, had the interests of the nation and the people at heart and "can lead thee army." Gen. Tsai did not answer when he was asked whether Gen. Feng is capable of leading generals, as well as privates.

According to information from military circles in Canton, Generals Chen Chi-tang and Li Tsung-jen, leading military commanders of Kwangtung and Kwangsi respectively, are considering the dispatch of a joint delegate to the north to see General Chiang Kai-shek, President of the Military Affairs Commission, and other high official of the Government to confer on the question of unity of the country and of the bandit-suppression campaign in south China. General Yeh Chi, an officeer in the Kwangtung Army, is understood to have been chosen to undertake the mission.

Yang Tsu-i, the new Magistrate of the Chungshan model district, arrived at Canton on Feb. 9 from Nanking via Hongkong. He will be formally be sworn in office on Feb. 16.

Plans are being made for the reorganization of the Canton Military Academy at Yentong as the Canton Branch of the Central Military Academy.

The conscription system is being enforced in Kwangsi province. With two persons enlisted from every 1,000 of the population, there are at present 50,000 men assembled at Nanning, provincial capital of Kwangsi, for training.

NANKING TO KEEP WITHIN BUDGET IF POSSIBLE

In view of the fact that the actual expenditure of the Chinese Government in the last fiscal year exceeded estimates by over $140,000,000, a special effort will be made this year by the various Government organization to keep within the budget.

The tremendous sacrifices which China has been making may prove to be a gain in the future, provided that we adhere to the bequeathed teachings of our late Party Leader, Dr. Sun Yat-sen, to "save China through peace and struggle." This was the gist of an address by Chu Cheng, President of the Judicial Yuan, at the weekly memorial service at National Government House on Feb. 11.

MANY KINDS OF IRREGULAR TAXES IN KANSU ABOLISHED

Since the beginning of the current year, the Kansu Provincial Government has abolished 57 kinds of exorbitant levies and miscellaneous taxes in the province amounting to $380,000 annually. The Ministry of Finance has telegraphed a message to the Kangsu Provincial authorities expressing appreciation of their efforts to carry out the orders of the Central Government.

To encourage the use of the telephone system, the Ministry of Communications has decided to abolish the regulation requiring a deposit to be made for use of the long-distance telephone service. Hereafter any resident in Shanghai or other cities may make calls on long-distance lines merely on payment of the prescribed fee.

Chinese Women and Men Argue About the New Adultery Code

BY KUO WEI-HUNG

AN important phase in the history of Chinese women's emancipation is in the making now. Since the establishment of the Republic of China Chinese women have struggled for freedom with major help from men. But now they stand on their own feet and fight their brothers in the struggle to get equality of sex.

The present Penal Code has an article, No. 256, on adultery, promulgated before the time of the Republic, which reads: "Married women convicted of committing adultery shall be punished by imprisonment for not more than two years, and the other party shall be subject to the same." No legal punishment is put into practice against men committing the same crime. This is to say, men committing adultery with prostitutes and concubines are free from punishment.

The fight of Chinese women against this inequality of sex began in 1931, when they sent delegates to participate in the National People's Congress held in Nanking. There they presented the famous "eleven proposals" to uphold the dignity of Chinese womanhood. They gained much attention in the Congress. As a result the Legislative Yuan was requested to consider the matter. Work on the revision of the Criminal Code started in 1933, and was completed in October of 1934. When revision of the Criminal Code came up for discussion before the Criminal Law Codification Committee of the Legislative Yuan, Article 256 was altered and numbered 228. It reads as follows: "Married persons convicted of committing adultery shall be punished by imprisonment for not more than two years, and the other party shall be subject to the same punishment." In other words, the revised code provides for equal punishment to both married women and men committing adultery. That is, women and men are equal before law.

When the first reading of the revised Criminal Code took place the Chinese women in Nanking decided to present 200 pairs of handmade shoes to members of the Legislative Yuan as a token of their gratitude. This decision, however, was withheld, because at the third reading of the revised Criminal Code a resolution was reached to maintain the original Article 256 with only a slight modification. This article becomes 239:

"Married women convicted of committing adultery shall be punished by imprisonment for not more than *one* year, and the other party shall be subject to the same."

In other words, this Article 239 in the revised Criminal Code is exactly the same as that of the old Article 356. The only difference is that the length of imprisonment has been reduced from not more than *two* years to not more than *one* year.

The history would have been different had members of the Legislative Yuan kept the resolution reached at the second reading, October 25, 1934. When the second reading took place, Chinese women in Nanking sent representatives to listen to the discussion. Hot debates ensued. Some favored retaining the old Article 256; some demanded the revised Article 228; others wished to abolish the Article altogether. The result was that it was decided to abolish the Article from the Criminal Code and to settle the matter of adultery according to the provision of the Civil Code, which provides the granting of a divorce to any party of married persons on the ground of adultery committed by either party. It is said that the presence of the women representatives during the discussion made their brothers somewhat self-conscious and it embarrassed them to insist upon the old Article 256.

A New Move in Third Reading

Taking for granted that nothing would be changed after the second reading, organized Chinese women in Nanking sent no representatives to attend the third reading held on November 31, 1934. But what happens? Their absence alters the whole thing and opens a new page in the history of the emancipation movement.

After the second reading, the women charged that some members of the Legislative Yuan, adhering to the old traditions and fearing that the emancipation of wives will cause impurity in the patriarchal blood system, argued that divorce is not sufficient punishment for adulterous women. They agreed and insisted at the third reading on inserting a clause in the Code against those convicted of this crime. Several proposals were made, but in every case no majority could be secured for a single moral standard law. Finally, article 239 was passed. Thus, the battle between sisters and brothers was started that very night.

Right after learning the news, women's organizations in Nanking began to mobilize. Women leaders met to cope with the imminent danger to their right of womanhood. Next morning representatives were sent to petition Sun Fo, Chairman of the Legislative Yuan, to consider the Article. Mr. Sun summoned a general meeting of the Legislative Yuan but the petition was rejected.

Since then indignation on the part of the women constantly increased. A mass meeting of women was soon held in Nanking. In Shanghai and Peiping women immediately took similar measures, called mass meetings and passed resolutions against the offending article. A special committee was formed in each city mentioned above, with the object of fighting for sex equality.

They did their utmost and used every means to reach their goal. They even resorted to "feminine diplomacy." Chinese women in Nanking sent representatives to visit about 60 members of the Legislative Yuan, to pursuade them to accept the idea of sex equality. Wives of the members of the Legislative Yuan were approached and requested to influence their husbands to yield to the women in the fight. Some wives and daughters of the members of the Legislative Yuan have also become members of the women's special committee. Thus, they might have been fighting their husbands and fathers. Domestic tranquility in the official homes was threatened.

In their petitions to the President of the Legislative Yuan and the Central Political Council, Chinese women pointed out that Article 239 is contrary to the guarantees of Article No. 6 of the Chinese Provisional Consttution, to Article No. 12 relating to the "Domestic Policy of the Kuomintang", and to the teachings of the late Leader, Dr. Sun Yat Sen.

Article 6 of the Chinese Provisional Constitution reads: "The citizens of the Republic of China, irrespective of men and women, races, religions and classes, are all equal before law."

Article 12 relating to the "Domestic Policy of Kuomintang" reads: "Women shall have the right of property inheritance; laws of sex equality shall be promulgated with promptness; and the law of marriage shall be drawn upon the primciple of absolute reedom of marriage and divorce, etc."

Chinese women demanded that the government should first of all nullify Article 239 and replace it by implementing Article 84 of the Provisional Constitution, which reads: "All laws contrary to the Constitution are ineffective."

In their manifesto the women launched a bitter attack on some members of the Legislative Yuan and accused them of being "feudalistic types" and doing something "contrary to the wishes of 200,000,000 women". They charged them with "oppressing Chinese feminism", and "protecting the illegal acts of men".

The Reasons for Maintaining Art. 256

Among reasons given by some members of the Legislative Yuan for maintaining Article 256 are:

First, without Article 256 serving as a check, more women are likely to commit adultery, and this especially in rural areas will be disastrous, where due to their poverty the peasants will be unable to sue for a divorce against wives guilty of the crime.

Secondly, most of the men leave their homes for a certain length of time to earn a living, and their sexual desire must naturally be satisfied. In fact there are so many men guilty of adultery that prosecution of all is impracticable. At present, too, there are still many Chinese with concubines. If they would be punished for the crime, there would not be enough prisons to accommodate them, because perhaps 300,000,000 out of more than 400,000,000 people would go to jail!

Thirdly, the taking of concubines, in many cases, is for continuation of families. If men with such motives were to be punished, it would be impossible for those who have no son to perpetuate the family.

Fourthly, in the present constituted society men are the bread earners. While men are responsible for bread, women must be responsible for their chastity. Expecting the worst, men simply might suffer from venereal diseases in being not virtuous in sex, while women might besmirch the patriachal blood system and spoil the family happiness.

Arguments presented by Chinese women to the men's claims may be summarized as follows:

First of all they charged the men behind the adultery law with feudalistic mentality, and branded their conception of sex as immoral. They reasoned in this way:—

First, for centuries Chinese traditions have made Chinese women prefer death to adultery. Severe laws, as history indicates, are ineffective to punish wayward women. The law of the Tsing Dynasty made it legal for a man to put to death his own wife, if convicted of adultery. However, cases of husband-homicide were then, indeed, very numerous. Now, on the contrary, cases of wives killing their husbands in order to avoid adultery charges are very few, though the law sets a much lighter punishment for the offense. Again, in fact very few Chinese men resort to court in

(*Continued on page 409*)

Disarmament Hopeless Unless Japan and U.S. Can Agree, Says Yamamoto

Unless Japan and the United States can agree, future hopes of naval disarmament are shattered, Vice-Admiral Isoroku Yamamoto, ranking Japanese naval delegate to the preliminary disarmament discussions in London, declared in Hailar, Feb. 8, on his way to Tokyo to report to the Government.

Vice-Admiral Yamamoto on his arrival in Tokyo, Feb. 12 denied that he had reached an agreement on a disarmament formula with Sir Ernle Chatfield, Chief of Staff of the British Navy. Vice-Admiral Yamamoto will be received in audience by the Emperor in Tokyo on Feb. 19.

Japanese Naval Plane Dives Into Lava Slope—Two Warrant Officers Fatally Injured

A type 90 naval scout seaplane of the Yokosuka naval air corps was wrecked beyond repair and the two warrant officers aboard it were fatally injured, when the plane nosedived against the lava fringed slope of Miharayama, an active volcano on Iszu-Oshima, Feb. 5. The plane, which was flying above the mountain at that hour against strong winds, became disabled and plunged downward into the lava slope near the Mibara shrine. The impact hurled one of the two men out of the cockpit.

Earl Lytton Says Japan Seeks Naval Parity to Defend Position She Has Created in Manchuria

Earl Lytton in a speech in New York Feb. 7 before the League for Political Education said the Manchurian situation is the dominant question in the minds of the three great powers participating in the current naval discussions, regardless of the fact that it may not as yet have been mentioned openly. At the root of Japan's insistence upon naval parity, Lord Lytton said, lies her "imperative need to secure, if possible, recognition of the situation she has created and, failing that, to put herse'f in a position to defend it against any force from without."

"Japan, therefore, is demanding equality of naval strength with other powers, while intimating that she might reduce her demands in return for recognition of the government she has established in Manchuria Lord Lytton said.

"The effect of this policy," he continued, "is to introduce an element of suspicion into the relations of the other two negotiators," referring to Great Britain and the United States. "They are each aware of the temptation and each is anxious lest the other many succumb to it."

THAT STUFF HAS RUINED MORE GOOD MEN——!
SURE IT'S GOOD FOR YOU — ASK BILL HOHENZOLLERN, OR LOOK AT NAPOLEON OR ANY OF THOSE BIG SHOTS!
MARS
MILITARISM
ASIA
JAPAN
ORR

—By Orr in *The Chicago Tribune*

Foreign Oil Companies in Japan Allowed to Raise Prices

The long-drawn-out controversy between the foreign oil firms and the Tokyo Ministry of Commerce and Industry is believed to be near an end, as the Ministry on Feb. 8 agreed to allow foreign concerns to raise petroleum prices. This, however, was the only modification of the Petroleum Industry Law, enacted on March 27, 1934, accepted by the Government.

The request of the foreign firms for a reduction in the amount of crude oil to be stored was declined by the Ministry. The law required all concerns to store supplies equal to six-and-a-half months' consumption. The Ministry also declined to accept the foreign firms' request for a Government subsidy, equal to six per cent of the value of stored oil and accomodations.

Rengo points out that the main objects of the law are the accumulation of vast oil reserves and the encouragement of the oil refining industry in Japan. Extensive powers of control over the industry will enable the Government to fix the sale price, to determine the oil import quotas of each company, to control the stocks of oil in the country, and to set up refineries.

"Rengo" Says Oil Companies Win Points In Law Dispute

A *Rengo* message Feb. 10 stated that the foreign oil companies operating in Japan had virtually scored a complete victory in their joint efforts to secure a set of guarantees from the Japanese government to protect their future interests.

The united drive by the oil firms culminated a series of diplomatic representations made by British and American authorities with the Tokyo authorities objecting to the provisions of the Japanese Petroleum Industry Law enacted on March 7 last year and which is due to go into effect Oct. 1.

Canton Continues Negotiations With Foreign Oil Firms for Five-Million Dollar Loan

In connection with the projected loan of $5,000,000 by the Canton Municipal Government from the three foreign oil firms, namely, the Standard Oil, the Asiatic Petroleum and the Texas Oil Company, it is learned that Liu Chi-wen, mayor of Canton, has dispatched Liu Ping-Kang, the Municipal Commissioner of Finance, to Hongkong, to continue negotiations with representatives of the oil firms concerned for an early conclusion of the loan. It is understood that the Canton authorities have offered as security for the loan certain municipal wharves on the Pearl River.

Japan Begins to Waver on Her Manchurian Adventure

BY THE REVIEW'S TOKYO CORRESPONDENT

(Translations from various Japanese publications)

IT appears that pessimistic views on the Manchurian enterprise of Japan have of late been increasingly putting up their heads, mostly intermixed in conversations or writings.

As to the formation of an economic bloc between Japan and Manchukuo a number of economists expressed misgivings on various occasions. Dr. T. Ueta, a leading economist and a director of the Institute of Pacific Relations, is recalled to have once suggested a complete lack of interest in the affair (November issue of the Tokyo *Keizai Shimpo*). A noted critic, Taketora Ogata, states in his article published in the February issue of the *Keizai Orai* as follows: "At the time the Manchurian incident was temporarily settled following its outbreak, there prevailed throughout Japan voices for the formation of a Japan-Manchukuo economic bloc or a controlled economy, but such voices have nearly entirely died away of late. We often hear people say, 'It is disappointing that there is no available natural resources to start enterprise with in Manchuria.' What is worse still, no emigration is practicable. Not only in the economic field but also in the general administrative quarters a similar slackness must prevail." Seigo Nakano, leader of the Kokumin Domei, states in the February issue of the *Keizai Orai* as follows: "The Kwantang army at the time of the outbreak of the Manchurian incident did not boast themselves nor take notice of the political party system. But, declaring that its backers were agrarians, the army, as a means of relieving their suffering, pointed out the necessity of expanding outside the country. This insistence of the army won the sympathy of the press, but we have never seen the schedule carried out. There is going on pretty vigorously the suppression of the freedom of speech which is inseparable from military politics, while rival conditions among officers have become more and more conspicuous. The same motive power, with which the military leaders caused the Manchurian incident to break out, ceased to dominate the brains of the military." Thus it is evident that the general tension at the time of the outbreak of the Manchrian incident has gradually become slackened or, as some contend, transformed itself, with a natural result that it has called forth criticism that the nation has no fixed state policy. In the face of this changing situation, however, the public, as is evident from the writings below, are still, consciously or unconsciously, clinging fast to the idea of developing Manchukuo.

Writers: Tsunego Baba (馬場恒吾); Tatsukichi Minobe (美濃部達吉); Hitoshi Ashida (蘆田均); Kiyoshi Akita (秋田清) Taketora Ogata (緒方竹虎); Akira Kazami (風見章); Kamekichi Takahashi (高橋龜吉).

While Bringing up Manchukuo Japan Cannot Look Aside

Tsunego Baba—Kaizo, January: Of course Manchukuo is not the territory of Japan, but responsibility for guaranteeing healthy growth of the country lies with her. For five or ten years to come Japan will have her hands full in the work of fostering up the young state. It is, therefore, nonsensical to think Japan is desirous of creating a new war to satisfy her territorial greed.

Japan Must Not Consult Her Own Interest

Akira Kazaki—Ieshin, December: The reality of Japan demands the establishment of various industrial policies with Japan and Manchukuo as one inseparable economic area . . . . Agricultural policy is not an exception. The agricultural policy of the state built upon this demand of the reality, for instance, should never be confined within domestic self-supply, but be founded upon the principle of self-sufficiency within the economic area of Manchukuo and Japan. In this respect it is to be said unreasonable to try to keep the rice-price above the production cost by means of checking the invasion of cheap foreign rice, as is now the practice. If the home produce cannot compete with that of Manchukuo, we have no alternative but to reconstruct the agricultural industry at home . . . . If we really mean to establish a better community by putting together various races, it is outrageous to put in practice a policy which benefits one of them while bringing no convenience to the rest. Such an egoistic design will ruin the foundation of the race that recklessly seeks the privileged existence. Accordingly, if a race wants to secure the position of economic guidance over many others, it should not adopt a policy that consults its own convenience. It is regrettable that Manchukuo and Japan are not yet treated as one inseparable economic area. To think that we are pressed for the need of the formation of a Japan-Manchukuo economic bloc, it is a pity that Japan's agricultural policy is obliged to sustain its faint existence in consequnce of the partial treatment given to the imported rice. I wonder if there is a policy at all.

Follow Up Manchurian Enterprise Patiently

Taketora Ogata—Keizai Orai, February: There was no difference between Shidehara and Tanaka diplomatic politics in that they aimed at the firm acquisition of right and intrest in Manchuria. The sudden outbreak of the Manchurian incident settled up the long pending questions pertaining to Manchuria . . . . The Manchurian question has historical background, as many as 200,000 souls having been sacrificed for the cause. In some quarters they contend that the Nippon race should expand in such and such a direction, but it should be borne in mind that the national character of the Japanese is such that, while making an explosion with a tremendous power, hesitates to blindly follow the wake of the imperialistic invasion . . . . The state policy which demands the earliest attention of the nation is the enterprise of nurturing up Manchukuo into a perfect state. Some have to be disappointed with the economic enterprises and their development, but I do not know whether there is a well informed person who declares the Manchurian oil is good for nothing. Up to this time nothing worthy of mention has been turned out of the soil, and that is all. I earnestly hope that the leaders of the country be patriotic enough to continue spending efforts in this direction with more enthusiasm.

Development to the North a Vital Necessity

Kiyoshi Akita—Keizai Orai, February: To my mind the Nippon race must be a wonderful race; a powerful race, beyond comparison with any in the world. If a direction for it to follow is pointed out and all made a dash in the direction, political, economic and social unrest would be rolled out all at once. However it is quite difficult to disclose my opinion as to the direction of the wholesale drive, for relations with Britain and America would have to be taken into consideration, and besides various domestic problems must be dealt with. Although Japan is free to develop in any direction, there is an order. What I mean to say in this connection is no other than the perfect solution of the questions between China and Japan. This is too ambiguous to make the readers understand the outline of what I mean, but I refrain from going further into more details just at present (the writer is the ex-chairman of the House of Representatives and known as a man of few words).

Continental Policy is Japan's Unchangeable State Policy

Tatsukichi Minobe—Keizai Orai, Feburary: The basic policy which forms the centre of all other state policies of the country is the Continental policy. I need not repeat here that Manchukuo's independence and her cooperation with our country should never be violated at any cost; to safeguard the welfare of Manchukuo Japan may have to stake her fate. Upon this point national opinion is one and unshakable . . . . There is noticed an inclination among Powers to consider the recognition of Manchukuo in not distant future, and consequently it is unthinkable that there is a country which will interfere in the independence with armed strength. There is thus no possibility of war breaking out from this source. If there be, it must be no other than the creation of Japan herself —in the event of her being dissatisfied with the already acquired right and interert, insisting on developing them further.

Manchurian Enterprisers Should Be Farsighted

Hitoshi Ashida—Keizai Orai, February: Manchukuo is now in a period of investment. It is in the remote future that the present bears its fruit. People must well remember this point. Naturally, for the healthful growth of Manchukuo, it is essential first of all to foster up Japan's own economic strength. For this end we may seek outlet for our manufactures in all corners of the world but the fact that the time is now mature when we economically cooperate with our big neighbor . . . China . . . Since the Manchurian incident the trade between the two countries has remarkably dwindled. But when all things are considered, the industrialized Japan ought to find market in the vast territory of China while purchasing the material from China . . . . It is Japan and none else, who can dispose of this financial embarrassment, for it is Japan only that is financially powerful enough to purchase the material produced by the Chinese agrarians. The more material we buy from China the more goods Japan can sell to the Chinese public. Besides economically benefiting herself in this fashion, Japan would be able to get all the knotty problems pending between the two countries.

People Begins to Manchurian Incident With Different Eye

Kamekichi Takahashi—Bungei Shunju, January: The development of the Manchurian incident following its outbreak, gradually brought to light the real features that had been laid deep at the bottom of the incident. Meanwhile the general situations of the world also made a change. Naturally, the public began looking at the incident in a different eye. The worldwide tendency of forming a bloc is greatly responsible for this change of viewpoint. That is to say, the reckless abandoning of the traditional free trade and arbitrarily closing up doors to other countries' trade and raising tariff walls—all these worldwide trends that gathered fury after the Manchurian incident discouraged the Japanese who still supported the traditional conceptions of a peace theory, disarmament and non-invasion, but at the same time it encouraged the Japanese public to continue supporting from a different viewpoint.

Hayashi Refuses to Discuss Army Cadet Arrests

The Tokyo *Hochi* of Feb. 4 said the attention of the Diet was attracted the previous day by discussion on a certain disquieting incident which cropped up within the Army in November. The incident became a subject of discussion in the budgetary session of the House of Representatives for the first time in the Diet Feb. 3.

The following is an official stenographic record of the question and answer between Mr. Kono, of the Seiyukai, and War Minister Hayashi:

Mr. Kono: I take this opportunity of making an inquiry to the War Minister and I hope a straightforward reply will be forthcoming. There is a so-called 20th Day Incident. I mean an incident which cropped up within the Army on November 20. I hope the War Minister will explain the details of the incident.

War Minister Hayashi:—There was a rumor toward the end of November that a section of the young officers and a section of probational officers, indignant with the trend of the times, were engineering a disquieting plot. Upon receipt of this information we began an investigation. The particulars of the incident are still being investigated by the Justice authorities, and I am not in a position to say anything more today."

It will be noted from the above that War Minister Hayashi said the incident is still being investigated and therefore he was not in a position to say anything. It is, however, an open secret that a large number of army cadets was arrested in Tokyo prior to the meeting of the Extraordinary Session of the Diet in November and December last. The news of the arrests was suppressed, but it was generally known in Tokyo that there was a plot brewing at the time to assassinate government leaders and create disturbances, thus enabling the military to seize control and establish a military fascist dictatorship.

Japan's Heavy Imports of Military Supplies Causes Unfavorable Trade Balance

The unfavorable balance of nearly Yen 24,000,000 in Japan's trade during the first ten days of February is ascribed by Tokyo Finance Ministry officials to large imports of materials used in military industries, such as pig iron, scrap iron and rubber. Imports of machinery and raw cotton were also large. The Government and the interested business organizations, officials said, were considering taking steps to remedy the one-sided trade with Canada and Germany. It was predicted that the general unfavorable balance of Japan's trade will be maintained for some time to come.

Japanese Rightist Group Disbands Three Years After Leader's Conviction

Three years after its organization by Dr. Shumsi Okawa, convicted "master-mind" of the "patriotic" assassination of Premier Tsuyoshi Inukai on May 15, 1932, the Jimmu-kai, a leading reactionary organization, voluntarily disbanded Feb. 11. The occasion was Empire Day, known in Japan as "Jimmu Tenno Sai," from which the society, which at one time embraced more than 200,000 members, derives its name. It was on this holiday, three years ago, that the group was formed. Dr. Okawa was convicted of inciting to murder and sentenced to seven years' imprisonment on Nov. 9 in a trial following an appeal against an earlier sentence of 15 years' penal servitude.

Japanese Powder Factories Export Surplus to Other Far Eastern Countries

A *Reuter* message from Tokyo Feb. 4 stated that a daily productive capacity of 61 metric tons—which exceeds actual consumption in Japan—and proposed extension of three prominent factories in addition to the pending establishment of a big plant in Korea, are the salient developments which characterize the black powder and explosive industry in Japan at the beginning of 1935. Attempts to dispose of the surplus output in Chinese and other Far Eastern markets, are meeting with some success. The Nippon Explosive Manufacturing Company, the largest firm in the industry, will go on operating at capacity, which averages 26 metric tons a day.

Anniversary of "New Life" Movement to Be Observed Feb. 19

On Feb. 19, Nanking and the rest of China will be en fete to celebrate the first anniversary of the "New Life" Movement which was personally launched last year on that date by General Chiang Kai-shek. On that day all members of the movement will be rallied to a meeting, during which the progress made by the movement during the past year will be reviewed and new methods for its further promotion will be drawn up in various cities. General Chiang Kai-shek has wired from Kuling to Shao Yuan-chung, Chairman of the Central Publicity Committee, as his representative to speak at the celebration meeting in Nanking.

"Bribe" Money Was to Purchase Beans, Says Merchant

A statement designed to clear Takejiro Tokonami, Minister of Communications, from having indirectly received a $ 500,000 bribe from Marshal Chang Hsueh-liang in 1928 was issued in Tokyo Feb. 12 by Seisuke Akazuka and Kazufumi Tsuruoka, who signed a receipt for the amount found in the Marshal's safe after the seizure of Mukden by the Kwantung Army in 1931. The statement was to the effect that the money received was used for the "private activities" of those who signed the receipt.

Yasuhiko Tezuko, a well-known Japanese merchant in Mukden, has made a statement that the $ 500,000 was borrowed from Marshal Chang in August, 1929, by Messrs. Akazuka and Tsuruoka, who needed it to export Manchurian staples to Germany. "I've known Mr. Akatsuka well ever since he was appointed the Japanese Consul-General here. I remember the occasion because they sought my advice on the purchase of beans and other staples," Mr. Tezuko said.

The charge against Mr. Tokonami was made before a plenary session of the Lower House on Jan. 23 by Mr. Yamaguchi of the Seiyukai. He asserted that the allegation was actually brought by a patriotic association in a booklet issued last August and that the society acted upon instigation from the army, which held documentary evidence tending to prove that Mr. Tokonami had accepted the money. The booklet contained a photostatic reproduction of the receipt for $500,000 which Mr. Tsugumo said had been taken from the Young Marshal's safe.

One prominent Japanese said he was in Manchuria when the Manchurian incident broke out, and that he saw the receipt for $500,000 in question with his own eyes. Marshal Chang's safes, he said, were opened in the presence of Marshal-General Doihara of the Kwantung Army, Major Hanata, a staff officer, and many other young officers; when the receipt was discovered they were indignant and furious.

Anglo-Japanese Alliance Trend Noted in Diet Discussion

It is to be inferred from recent events in the Diet that Japan would welcome a renewal of the Anglo-Japanese Alliance. Interpellated in the Diet concerning the possibility of a restoration of the alliance, Mr. Hirota, the foreign minister, declared that, in view of present world conditions, the matter deserved the consideration of the government.

He added that he favored endeavors to make the relations between Great Britain and Japan as intimate as possible with a view to a renewal of the alliance between the two countries.

A spokesman of the Foreign Office, queried on the subject, declared that there were no Anglo-Japanese negotiations or discussions going on at present.

Government Adds Yen 15,000,000 to Relief Budget, But Seiyukai Dissatisfied

In a three-minute statement Premier Okada Feb. 9 informed the Budgetary Committee of the House of Representatives of the Government's decision to add Yen 15,000,000 to the relief budget. The "die-hard" and the moderate factions within the Seiyukai party united at a general party meeting the same evening in condemning the allegedly inadequate relief appropriation, announced by Premier Okada.

Profit Tax Will Curb "Soak The Rich" Sentiment, Takahashi Says

Mr. Takahashi, minister of finance, has risen in defense of the government's proposal to impose a special profit tax on war and other industries by stating that the measure will have a marked effect in mollifying the prevailing "soak the rich" sentiment.

Abolition of Iron Monopoly Hinted by Commerce Minister

Gradual abolition of the iron manufacturing monopoly now held by the Nippon Iron Manufacturing Company, a government-created trust, was indicated by Chuji Machida, Minister of Commerce and Industry, in a reply to a Seiyukai member, at a session of a budgetary subcommittee of the Lower House Feb. 7. A change in the situations has made the projected merger of iron manufacturing companies into the Nippon Iron Manufacturing Co., originally planned by Baron Kumakichi Nakajima, then Minister of Commerce and Industry, difficult of realization, the Minister said. A breach in the monopoly system was created when the government permitted the Nippon Steel Tube Manufacturing Co. to install new melting furnaces, so that increased demands may be met, Mr. Machida pointed out. The Government is ready to permit the establishment of new iron manufacturing companies if their founding is justified after minute investigations, the Minister stated. Referring to the reported shortage of pig iron in Japan Mr. Machida said that the Government had directed the N. I. M. Co. to import 100,000 tons of iron from Russia and that the firm is now planning to import iron ore from India and Australia if circumstances permit.

Ministry of Communications Takes Steps to Pay Defaulted Debts

Dr. Chu Chia-hua, Minister of Communications, is making determined efforts to have all outstanding domestic and foreign loans, issued by the Ministry of Communications of the defunct Peking Government, readjusted and placed on a satisfactory basis. The various creditors have been notified to this effect.

The *Central News Agency* says that Dr. Chu Chia-hua, when he assumed office as the Minister of Communications, realized that if no means were devised to settle these ever-growing debts, it would be difficult to maintain all the enterprises under the control of the Ministry, nor would it be possible to make improvement in its services.

In pursuit of the intention of the Government to readjust old debts, he therefore appointed his staff to clear up the accounts with a view to reaching a fundamental solution. On the one hand, he tried to carry out strict retrenchment; while on the other, he made every effort to improve and expand the field of activities so that receipts could be increased and funds allotted for the readjustment of old debts. After more than two years of endeavor and several months of negotiations, a solution for the benefit of all the parties concerned has been reached with concessions on the part of the creditors through their sympathetic attitude towards the Ministry. Reports upon all the detailed arrangements have been at different times submitted to the Central Political Council through the Executive Yuan.

Summary of Loans—and Action Taken

Shanghai Chefoo Cable:—On Feb. 10, 1920, the Ministry of Communications at Peking, for the purpose of laying a new Shanghai-Chefoo submarine cable and the purpchase of telegraph materials obtained from the East Asia Industrial Company, a Japanese concern, a loan of Yen 10,222,020.47 and pledged as security all the properties of its telegraph system. Although payments had been made to the Company from time to time, still at the end of 1934, the outstanding principal and interest accumulated have more than double the original principal. The result of the negotiations between the Ministry and the Company is to reduce interest and principal each to Yen 10,220,000. The principal is to be paid back first before any payment of interest begins. According to this new arrangement, the Ministry is to pay every month Yen 70,000, which represents the repayment of principal.

Loan for the Extension of Telephone Systems:—On October 25 1918, the Ministry of Communications at Peking obtained from the China-Japan Industrial Development Co. a loan of Yen 10,000,000. On June 25, 1923 the overdue interest on the said loan amounting to Yen 1,670,000 was converted into a second loan. On March 10, 1926, the Ministry, in postponing the repayment for the second time, gave the Company commissions of Yen 230,000 in the form of promissory notes. Other indebtednesses are for telephone materials. which amount to approximately Yen 4,700,000, and for materials used by Hankow Telephone Office amonuting to about £93,000. Although the Ministry has paid small sums from time to time, still at the end of last year, the outstanding debts comprising principal and interest amount to Yen 39,299,592,58.

The result of the negotiations between the Ministry and the Company is to reduce total indebtedness, namely Yen 39,300,000 which has hitherto borne a compound interest of 9% per annum, to Yen 29,300,000, half of which bears a simple interest of 6% per annum, while the other half bears no interest and shall be paid after the interest-bearing principal shall have been paid up. Under the new arrangement the Ministry has to pay to the Company every month Yen 80,000.

Advance for Radio Stations in Sinkiang and Mongolia.—In 1918 a sum of £170,376 8*s*.1*d*. was advanced to the Ministry by the Marconi Wireless Company for the construction of 3 arc stations in Kashgar, Tihwa, and Urga. At the end of 1934, principal and accrued interest amonuted to £476,270 11*s*.1*d*. The Ministry has now made an arrangement with its representative: the interest amounting to ever three hundred thousand pounds is renounced by the Company, the principal of £170,000 is to be paid within 20 years and bears no interest with a monthly instalment of £709 18*s*.

Through its friendly relations with the Ministry, the Company is willing to place one-half of each of the monthly instalments to the Ministry's credit which will be applied for the payment of cost of material to be purchased from the Marconi Co. or for the tuition fees for the training of student engineers sent by the Ministry to the Company's college at Chelmford.

The China Electric Company.—The Ministry of Communications at Peking owed sums to the China Electric Company, of which the Ministry is a shareholder, for the materials supplied by the latter. With the exception of the promissory notes issued by Tientsin Telephone Office, which has to be dealt with separately, the sum of U.S.$1,513,378.40 comprising principal and interest up to the end of last year has been arranged, through protracted negotiations, to be paid back in the following manner.

The Ministry pays to the Company every month U.S.$3,000 for repayment of principal, and the dividend receivable by Ministry is to be treated as interest up to 3% of its shares in the Company. If the Company makes no profit, or sustains any loss, no interest is to be charged. If on the other hand, the dividend exceeds 5% of the Ministry's stock, the excess is to be added to the monthly instalments for repayment of principal. As soon as the monthly payments and the dividend in excess of 3% reach the sum of U S.$900,000, the payments are to be discontinued and the debt is considered as cleared off.

Siemens-China.—The Ministry of Communications at Peking has purchased at different times from Siemens China Company materials for the telephone extensions at Peiping and other miscellaneous materials which amount to U.S.$271,100.99 at the present moment. The result of negotiations is to clear off the debts by paying the Company U.S.$60,000 by monthly instalments in a period of ten years. The Company is also willing to deliver to the Ministry the miscellaneous materials which have not been handed over.

Miscellaneous Debts.—Other miscellaneous debts for materials and the unpaid salaries of foreign employees, such as: Principal and interest of £29,325 for materials supplied by the General Electric Company of China, Harvie Cooke & Company, and the British Electrical and Engineering Company,

G.S.$62,000 and C.S.$24,500 for Andersen & Meyer & Co., Ltd.
G.S.$ 5,000 and £200 for Siemens China Company,
C.S.$145,000 for Tung Sin Ho,
C.S.$32,600 for Nakayama's salary,
C.S.$12,200 for Salvensen's salary.

These and other miscellaneous debts have from a year preceding been settled and mostly paid up.

Other miscellaneous sums for materials and transportation charges are owed to different companies such as Suto-yoko, Behn, Meyer China Co., Ltd., T. W. Shearstone & Co., Shing Tah, Tung Ho Hsiang, Commercial Press, Tah Tung, Tah Chee, Chang Tah, Foo Sing Kong, Sing Cheng Chong, and also salaries unpaid to foreign employees such as E. B. Mengel, Rothe, A. H. Eriksen, amounting to approximately over two hundred thousand dollars. In some cases their addresses are unknown; in the case of other no testimonials have been received by the Ministry. But the Ministry has already tried to urge them to send in the necessary papers. As soon as they arrive, the matters will be satisfactorily solved.

The Ministry states that with fetters on telegraph and telephone enterprises shaken off, from now on it can make fixed budgets from the whole telecommunication service and can make progress without further restrictions.

Nishihari Loans Not Involved

A *Chekiai* message from Nanking stated that none of the loans above mentioned were part of the Nishihari loans. It was pointed that the loans of $10,000,000 and $10,220,000 from the China-Japan Industrial Development Company and the East Asia Industrial Company were contracted after September 28, 1918, on which date the Nishihara loans came to an end with the fall of the Terauchi Cabinet.

Following closely its efforts to settle the old debts in telegraphs and telephones, the Ministry of Communications is turning its attention to the indebtedness of the China Merchants' Steam Navigation Co., one of the subsidiaries of the Chiaotungpo.

Chartered Soviet Steamer to Take Prominent Chinese Group to Vladivostok

A special steamer chartered by the Soviet Government will carry Dr. W. W. Yen, Chinese Ambassader to Moscow, Dr. Mei Lan-fang, and his theatrical troup, and Messrs Tao Po-hsun of the United Photoplay Service, and Chow Chien-yun and Miss Butterfly Wu of the Star Motion Picture Co. to Vladivostok, whence they will proceed to Moscow by train. Messrs Tao and Chow and Miss Wu have been elected as China's delegates to the forthcoming International Motion Picture Exhibition to be held in Moscow. The delegates were entertained at luncheon by Messrs. Shao Yuan-chung and Lo Chia-lun, Chairman and Vice-Chairman of the Central Party Publicity Committee, and at dinner by the Central Film Censorship Board last week. Among those present were Dr. Chu Min-i, Secretary-General of the Executive Yuan and concurrently member of the Board, and Messrs. Chang Tao-fan, Administrative Vice-Minister of Communications, and Li Ti-chun, Director of the Intelligence and Publicity Department of the Ministry of Foreign Affairs.

The steamer was due to arrive in Shanghai latter part of this week, and will make the return trip to Vladivostok after loading cargo here.

China and U.S.S.R.-U.S.A. Debt Talks

BY C. Y. W. MENG (孟長泳)

ALTHOUGH many Chinese may say that the Washington-Moscow debt negotiations are no concern of China, a moment's reflection should convince us that to adopt such an attitude, particularly towards Russian-American affairs, and especially at the present moment, is quite erroneous. The present possible collapse of the Russian-American negotiation should be really of great concern to us.

China is a weak power, and is unable to meet any aggressor on the battlefield. So in the face of the unprecedented crisis, the only recourse lies in resorting to diplomacy to save herself. But a study of the Sino-Japanese situation since the fatal night of September 18, 1931, would reveal to us that the Chinese authorities have not been doing so. To appeal to the League of Nations for justice was certainly the right course of action. But China, in the meantime, should realize that the two great powers, which have deep concern with the Manchurian situation—namely, Russia and America—were not at that time members of the League, and could not participate in the discussion of the situation, nor could do anything; and further, that Great Britain and France really were in control of the League, and no matter how sympathetic the small powers were toward China, they could do nothing. So, besides appealing to the League for justice and action, China should have taken other diplomatic action, and should not have relied on the League entirely. The tendency of the Chinese diplomatic policy should be: (1) Strengthen the League by aiding the entrance of Russia and America into the League; (2) Favor Russian-American co-operation, to deal with the Far Eastern situation; (3) Action favoring Anglo-American co-operation so as to save the critical situation in the Far East. In general, we should plan to isolate the aggressor from the rest of the world; and not allow any great power to go over to the side of the aggressor.

Nine-Power Treaty Not Resorted To

In order to accomplish this, it was quite necessary for China, besides appealing to the League, to resort to the Nine-Power Treaty, and to press on Washington for the convocation of another "Washington Conference" to discuss the situation in the Far East and to uphold the sanctity of the Treaty. There would be many advantages to China by a resort to the Nine-Power Treaty rather than to the League's Convenant, the very important point being that, in doing so, China would have the support of Canada, Australia, New Zealand, etc., which were instrumental in the abolition of the Anglo-Japanese Alliance in 1922. These British dependencies are ardent supporters of "Anglo-American co-operation" in international affairs. If the Anglo-American co-operation could be brought about, some changes were bound to be made with the attitude of France and Italy in the Manchurian affair.

On one hand, China should resort to the Nine-Power Treaty; and on the other, China should have quickly agreed to make Manchuria a "neutralized zone" to be stationed with troops from the signatories of the Treaty. Such a situation might have put the invaders in a very embarrassing condition; might have blocked the advance of the invaders; and might have saved the loss of Chingchow and Jehol.

Anglo-American Co-operation Not Sought

At the outbreak of the Mukden Affair, the eagerness on the part of the Americans to seek for cooperation with Great Britain to cope with the situation was very apparent. In the early part of January, 1932, America delivered a note, rather strong in tone, to Tokyo, calling the latter's attention to the fact that the "American Government would not recognize any situation created by military force in violation of anti-War Pact and the Nine-Power Treaty." But before the note was presented to Tokyo, Washington moved that London should present an "identical note" to Tokyo. But due to London's policy of "friendly to all," the American attempt to seek for cooperation with London to deal with the situation in the Far East resulted in a flat failure. But a strange thing to relate is that China, on her part, did not play any part, nor exercise any influence over Washington and London to take part in such cooperation!

Sino-Russo-American Co-operation Not Sought

As stated above, Russia and America are two big powers which are destined to play a great part in the destiny of the Far East. Russia was the leader in the "3-Power (Russia, France and Germany) Joint Demand" to force Japan to return the Liaotung Peninsula to China in 1895; and America was the author of the 9-Power Treaty. Though the situation of today is different from that in 1895, the possibility, the necessity and the effectiveness of "joint demand," and "common action" by these powers still remain.

But unfortunately, by the time when the Japanese invasion began, the Sino-Russian and Russo-American diplomatic relations were severed. Indeed, it is a great pity that a weak country like China, bordered by two big powers, should make enemies with both! China did not realize the advantage of making friends with both, or with the one less aggressive to China!

Later on, through Yen-Litvinoff and Roosevelt-Litvinoff conferences, the Sino-Russian and Russo-American diplomatic relations were resumed. But the most strange thing to relate is that while the restoration of Sino-Russian diplomatic relations was very much procrastinated, and came rather too late, the restoration of the Russo-American diplomatic relations came about only through the efforts of the Russo-American diplomats, due to the American realization that "America needs at least one friend" (quoted from a speech from Henry T. Rainey of Illinois, Democratic floor leader in the House of Representatives); and China did not play any part, nor exert any effort, to bring about the early restoration of the Russo-American diplomatic relations—a step China should have taken right after the outbreak of the Mukden Affair!

But it is a stranger thing to relate that the restoration of Sino-Russian diplomatic relations did not crystallize itself. Two solid years have passed, yet the formal commercial treaty regulating the commercial relations between two nations has not been signed, not to speak of the signing of the Sino-Russo-Non-Aggression Pact. As a result, China is not even able to tie Moscow's hands from selling away the C.E.R. (Chinese Eastern Railway) to Japan!

Should China Make Alliance With the Powers?

On the other hand, it is generally argued that, being a weak power, it is more advisable for China to make alliance with none, but to do what Dr. Stresemann did for Germany. That is, to make agreement with the aggressor, rather than to take any action which would only intensify the ill-feeling of the aggressor. Whether China should adopt a policy of seeking for "cooperation" with some powers; or whether China should approach for agreements with the invaders, is apparently the important problem to which neither the Chinese leaders in the Government, nor the Chinese masses, could agree. But the present Nanking policy is rather tending towards the second alternative.

Our opinion is different. Ordinarily speaking, a war between nations ends when the defeated is willing to cede territory to, and pay the indemnity to, the victor. But in the case of Sino-Japanese crisis, it is not so. Japan never likes to declare war with China, but Japan goes on with her "undeclared wars" with China. Japan is never satisfied even if China agrees to cede Manchuria to Japan, but Japan wants to conquer all of China and to declare her hegemony in Asia. Japan conquers China, not solely by force, but also by many more far effective weapons, that is, by many forms of "underhand" political, economic and military exploitation and penetration. Japan would never allow China to be united, to develop herself, and to carry out any reconstructive work, unless with Japanese money and assistance. Japan is now demanding the abolition of the Kuomintang; Japan is offering many loans to China, remembering, possibly, their glorious past when money could conquer China under the Anfu regime! So the situation in the Far East is different from that between France and Germany, the former having only the desire to make the latter less aggressive to her, but having no ambition to conquer her. In order to go on with our internal development, not to speak of resisting further Japanese aggression, we believe China should resort to diplomacy to save herself.

Five-Power Pacific Non-Aggression Pact Suggested

According to the report from Geneva, dated June 9, 1934, at the Davis-Litvinoff Dinner party, a discussion took place about the "non-aggression pact for the Pacific," as proposed by M. Litvinoff before President Roosevelt. But, as stated before, the Hull-Hirota Notes caused the Americans to delay the action. But the failure of the disarmament conference, and the unilateral abrogation of the Naval Treaty by the aggressor should be sufficient to cause the Americans to reconsider M. Litvinoff's former proposal. We, the Chinese, urge, therefore, that a Non-Aggression Pact for the Pacific should be quickly signed. But it is up to Washington and Moscow to be the promoters! We do not believe there would be any difficulty in getting London to affix its signature to the Pact. The more critical the situation is in the Far East, the more vigorous should be, the Russian-American efforts to bring about the Non-Aggression Pact. If Japan is not willing to join with us, we might well leave her alone, and sign a "5-Power Pacific Non-Aggression Pact," ourselves, namely, Russia, America, Great Britain, France and China! In view of the cordial relations which have been existing between France and Russia, as a result of the signing of the non-Aggression Pact in 1932, we believe also that there would be no difficulty in getting Paris to sign the Pact!

The question is: Whether we, the Chinese, should again stand and look at the collapse of the Russo-American negotiations, which, if successful, might lead to further Russian-American co-operation, or even Sino-Russian American co-operation, to deal with the situation in the Far East? Or should we, the Chinese, act as a mediator of the Russo-American negotiations and exert our full efforts to bring about the early conclusion of the negotiations; and warn these powers that the problem under discussion is only a small question in comparision with the peace of the Far East, and that they should not go on with their "bickerings" over small problem to mar the progress of their "co-operation" which is so much needed to day, if catastrophe in the Far East is to be averted. In our opinion, China should take the second alternative.

Nanking Feb. 9, 1935.

Chinese Railways

Nanking-Shanghai and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

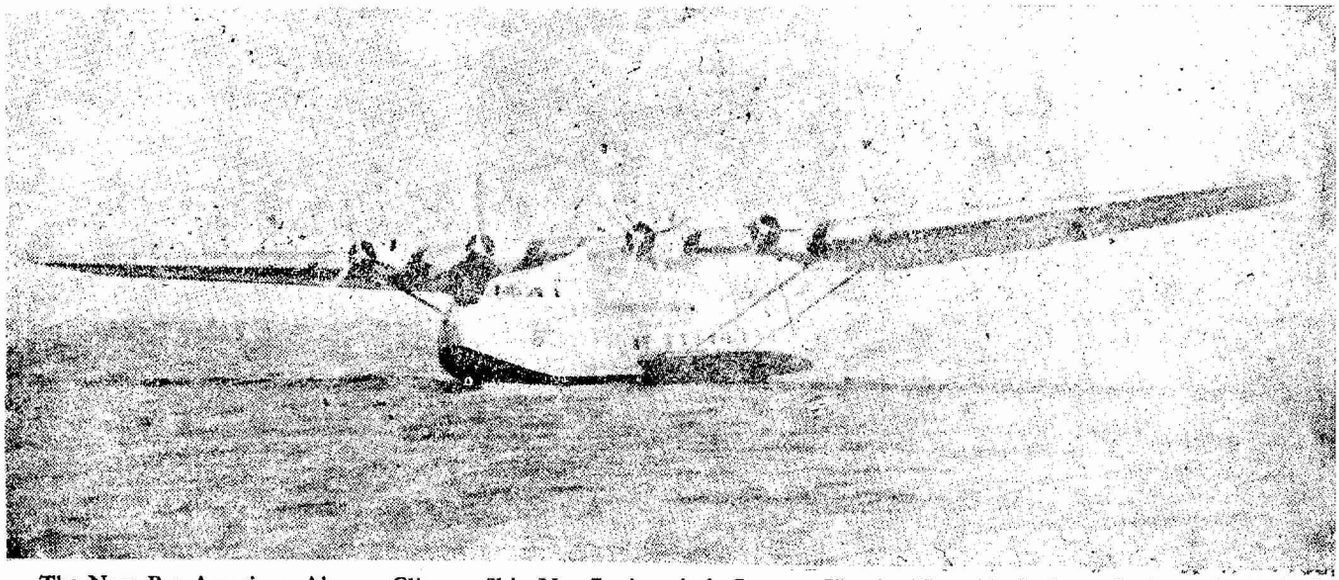
From Shanghai to Hangchow: 189.57 Kilometers

The Nanking-Shanghai Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

71-447



The New Pan-American Airways Clipper Ship No. 7—America's Largest Heavier-Than-Air Craft—as It Recently Made Its Debut in a Trial Flight at Chesapeake Bay, Md. It Is to be Used in the Proposed Trans-Pacific Service. The Plane Carries 7 Passengers and Has a Speed of 180 Miles per Hour.

Pan-American Applies for California-China Radio Permit

American officials announced in Washington Feb. 7 that Pan-American Airways had applied for a raido permit connecting California with China and said the application would, in all probability, be granted. The new radio service is for use on the proposed new America-China mail and passenger line, long planned by the Pan-American concern. Application specifically requested a high frequency wave-length from Alameda, Calif., to the Hawaiian Islands, thence to the Midway Islands.

Improved Aircraft Fuel Developed in U. S.

A secret new fuel airplane for motors, giving a speed 30 miles per hour greater than with ordinary petrol, has been developed by the United States Army. In a talk delivered before a meeting of the Institute of Aeronautical Sciences in New York Jan. 30 Lieutenant F. D. Klein, an army flying officer, told the institute that the new fuel was called "190 Octane."

World's Largest Seaplane Will Be Put into South-American Service by France

What is claimed to be the largest passenger flying boat in the world has undergone successful official trials in France and will shortly be installed in a regular South-American/Trans-Atlantic service. The vessel is named *Paris*. It weighs 37 tons; it is driven by six motors and carries 70 passengers.

Chinese Woman Aviator Secures Flying License

Miss Huang Wei-cheng, a Chinese female aviator, who received her flying training in France, has obtained a flying license from the Military Affairs Commission to make long-distance trial flights in her own machine. Miss Huang is believed to be the first woman aviator in China.

Tientsin U.S. Vice-Consul Gets U.S. Pilot License

Linclon C. ("Tommy") Reynolds, United States vice-consul in Tientsin, has received the first new pilot's license ever granted in China by the United States Government. The private pilot's license was granted by A. L. Patterson, special representative of the United States Bureau of Air Commerce in Shanghai. The young flier will use his new license when he goes to America this spring on home leave.

American Army Bombers to Make One-Stop Flight to Panama

A one-stop flight to Panama of ten army bombers early in March will mark the first test of the U.S. General Headquarters air fleet.

War Minister Hayashi Insists on Increased Air Appropriations

Increased air force appropriations are "vitally necessary," and must be granted "irrespectively of the financial condition of the country," General Senjuro Hayashi, War Minister, declared at the meeting of the Diet Budgetary Committee in Tokyo Feb. 8. Larger air expenditures, General Hayashi added, bear close relation to the defense needs of Manchukuo, which have become serious in view of the "Soviet military preparations in the Far East." General Hayashi also said that the Government was completing the drafting of an air defense law, with a view to its early enactment.

Proposed Ten-Million Dollars Air Base at Hawaii

A proposal for the construction of an $10,000,000 air base at Hawaii, and also an expenditure of $2,000,000 for strengthening coastal defences, including guns, at Hawaii and Alaska and elsewhere, was discussed at a meeting of the U.S. Army High Command, headed by Gen. Douglas McArthur, and the House of Representatives' Military Committee in Feb. 8. The chairman of the committee, John J. McSwain, emphasized that any action taken would be for "defensive purposes." He added that the proposals implied nothing.

Gen. McArthur recommended the purchase of 800 armored airplanes costing $90,000,000 in order to give the army an aerial armada of 2,320 modern aircraft recommended by the War Department committee on July 22.

The meeting was a closed one —the first to be held since Japan denounced the Washington naval treaty. Apart from the appropriations mentioned, an additional $16,000,000 will be requested for the motorization of the army, while another $8,000,000 will be sought for the modernization of the army infantry and artillery.

Japanese See Menace in Hawaii and Singapore Bases

A definite assurance that Japan would not start a race to fortify possessions in the Pacific, no matter in what way the naval situation might develop, was given by the Japanese Navy minister, Admiral Osumi, in the Diet Feb. 7. Asked whether Japan would build up to parity in the event of the failure of the Naval Conference, the Navy minister replied that in such an eventuality Japan would make adequate readjustments in the various classes of warships to safeguard national defense. In reply to a question. Admiral Osumi signified that he favored a revision of Article XIX of the Washington Treaty by the inclusion of the Hawaiian Islands and Singapore, because they are aggressive bases, and the exclusion of the possessions mentioned in clause three, as all these were essential to Japan's defense. He stated that continuance of Article XIX would not necessarily be disadvantageous to Japan, but Japan would gladly agree to any proposal for a revision.

Official Japan Remains Silent on Proposed Hawaiian Air Base

Regret was expressed by Japanese naval authorities in connection with the unofficial reports of the United States' decision to establish an aviation base at Oahu, Hawaii. Such a step, officials said, is liable to prejudice peace in the Pacific. All countries bordering on the Pacific, they added, should be "extremely cautious" in adding to their military establishments in this area, even if and when the agreements governing fortifications in the Pacific area are denounced. The officials also expressed disapproval of the reported U.S. military preparations in Alaska and some Pacific islands prior to the Naval Disarmament Conference, since such steps "cannot but affect the course of the negotiations."

Official Japan, however, maintained a discreet silence in regard to America's plan to build an $11,000,000 air base in the Hawaiian Islands. As expressed by one official high in the nations' affairs, Japan feels that "silence is the best healer" in affairs of this kind.

Chinese Crowd Moscow Hall to Hear Soviet Deputies Report

Tass says that nearly 400 Chinese toilers residing in Moscow jammed the conference hall of the Institute of Eastern Culture to hear the reports of their deputies to the Moscow Soviet Dec. 28. They listened intently to the first speaker, Siao, Chinese proletarian writer, who was followed by Yaroslavski, a Chinese student of the Institute of Eastern Culture and a member of the Moscow Soviet, who reported on his work in the law section of the Soviet. "Only a few years ago," he declared enthusiastically, "95 per cent of my people here were illiterate. Today, this figure has been reduced to 45 per cent. With our club in the Gavrikov Poreulok functioning, we will be able to extend this work and general cultural work."

Van Tso-ping, Chinese member of the Bauman District Soviet, worked mainly with the former Workers' and Peasants' Inspection, now the Soviet Control Commission. Under his direction, as chairman of a Chinese cooperative laundry enterprise, the 20 laundries flourished. The workers received higher wages and their material conditions improved. A new apartment house for 32 Chinese families, recently built in Perlovka, near Moscow, owes its existence in a large degree to Van Tzo-ping's work.

Soviet Tobacco Industry Makes Great Progress

Tass states that in tobacco-growing, the Soviet Union now ranks third in the world, following the U.S.A. and British India. In 1934, the tobacco industry of the USSR turned out 70 milliard cigarettes; by the end of 1937 the output will reach 125 milliard cigarettes.

Red Army Ski-ers Cover 6,910 Kilometers In 75 Days

Five commanders of the Special Far-Eastern Red Army have established a world skiing record, covering a distance of 6,910 kilometers from Nerchinsk to Moscow in 74½ skiing days, passing daily on an average 93 kilometers. The party had to cross the Baikal Mountains and experienced cold reaching 40 degrees below zero and violent snowstorms in Siberia.

Japan May Propose Dismantling of Soviet Forts East of Lake Balkal

A proposal to dismantle Siberian fortifications east of Lake Baikal will be made by the Japanese Government to Moscow as soon as the North Manchuria Railway transfer agreement is formally signed, the *Tokyo Nichi Nichi* reported Feb. 12. Koki Hirota, Foreign Minister, it is stated, hopes to extend the spirit of the Portsmouth Treaty of 1905 to the Manchukuo Siberian boundary.

Soviets Will Penalize Losers of Passports

A new decree issued by Soviet Russia provides that the possessor of a passport who loses it through his own fault will have to pay a fine of 100 rubles. In addition to this he will not receive a new passport, but merely a certificate, which has to be renewed regularly.

New Mongolian Border Incident Alleged by Japanese

Following on the heels of the recent outbreak of the Lake Buyer-nor Incident, another frontier incident is reported in Japanese telegrams to have occurred on Manchukuo's western border, according to which a unit from the Manchu Guard forces stationed at Tsagan-obo, southwest of the lake, were suddenly fired upon by Outer Mongolian soldiers at a spot some 50 meters from their station on February 1. Although no casualties are reported, it is alleged that another illegal crossing of the boundary by Outer Mongolian troops was in view, seeing that the spot where the Manchu troops were fired upon lies a few kilometers within Manchukuo territory.

Chinese Arrested in Paris Suspected of Counterfeiting

The police in Paris last week arrested and subsequently released on parole four Chinese, one of them a hotel proprietor, all suspected of running a false coinage plant.

The Control Yuan has dispatched Liu Tah-li, a former secretary of the Chinese Legation in Paris, to France to conduct an investigation into the case of smuggling of Chinese treasures now detained by the Marseilles Customs.

Fords Gain Distinction in London-Exeter Motor-Car Race

Twenty-one V-8 Fords were entered in the recent London-Exeter race. Five received premier awards, fourteen others getting silver medals. The Team Award went to drivers of three V-8 Fords. The "Silence Award" for the quietest car went to a Ford V-8 driver.

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National City Bank Discusses Monetary Crisis in China

The National City Bank of New York Circular *for January, in discussing the monetary crisis in China, among other things, says* :—

The Chinese people have felt a growing lack of confidence in the effectiveness of the measures taken to prevent the country's circulating medium from being drained off to the United States, and have been disposed to convert their currency and bank deposits into hard cash which they can put away. In this respect the situation is similar to that which developed in the United States early in 1933 when everyone was trying to get gold.

In consequence of the loss of silver through exports, transfers to the interior and public hoarding of cash, the visible stocks of silver in Shanghai have been undergoing a steady shrinkage.

Aside from the banking crisis caused by the drain on specie reserves, the situation in China is complicated by the deflationary effect of the rise in the value of silver on Chinese trade. This appreciation in the value of Chinese money is having the same effects upon the Chinese economy that a similar rise in the dollar or the pound would have in the United States or Great Britain. It facilitates imports and discourages exports, thus forcing down the price level, with all the attendant evils of business losses and unemployment. During the period while the price of silver was falling, China was saved from the effects of the deflation of general prices and depression of trade existing in other countries. Since silver began rising, however, prices in China have been declining, excepting only for a few months in the summer.

An additional difficulty in connection with the Chinese situation lies in the fact that the balance of payments, normally favorable to China, has been unfavorable since 1931, necessitating the shipment of silver by way of settlement.

The silver purchase plan of the United States not only affects the Chinese currency system directly, by encouraging the withdrawal of Chinese silver money for conversion into bullion and sale to the United States Treasury, but indirectly, by raising the value of the Chinese currency and so affecting the balance of payments that silver has to be exported to cover the deficiencies.

U. S. Silver Program Hurtful to Trade With China

Evidently, there is something wrong with the arguments of the silver party in the United States to the effect that a rise in the price of silver would increase the purchasing power of China and so contribute to an expansion of world trade in which the United States would participate. As a matter of fact, if the price of silver continues to rise the outcome seems more likely to be a smaller rather than a larger American trade in the Orient.

A natural consequence also of China's exchange difficulties has been to give impetus to nationalist sentiment and to promote measures calculated to make the country more self-sufficient as to imports.

Perhaps it may be said that the United States has a right to enact any monetary legislation which it considers to be in its interest, regardless of the effect upon other nations. No one, of course, denies this, and the Chinese Government, in its notes of protest to our Government, has not questioned the "right" of the United States to accumulate silver if it wishes to do so. That no country, however, can afford to ignore the consequences of its acts and policies upon other countries would seem to be self-evident. The United States Government itself has widely proclaimed the "good neighbor" policy as the basis of its foreign diplomacy, which implies a recognition of the interests of other countries. Certainly, a callous disregard of the interests of China in connection with silver would not be in accord with this policy.

Quite apart, however, from questions of ethics, it should still be clear that the United States cannot afford to be indifferent to the consequences of its acts in the Far East. The United States is interested in the stability of exchanges and in free channels of trade in China and other eastern countries. Yet, actually, its policy with respect to silver seems more calculated to bring about conditions just the reverse of this.

The American Secretary of State has responded to the protests of the Chinese Government that this Government desires to avoid so far as may be possible disturbances to the economy and public finance of China. The difficulty is that the silver purchase program is embodied in an act of Congress which is mandatory, as to its general objective, though the President is given discretionary powers as to time, rapidity of accumulation and prices.

Silver Loan to China Not a Permanent Solution

The suggestion has been made that the United States might relieve the situation at least temporarily by extending a silver loan to the Chinese Government. It is difficult, however, to see how this would afford any permanent solution. The United States would be buying silver from China with one hand and lending it back to her with the other, merely postponing the day of reckoning, and in the meantime getting the Chinese people more deeply in debt.

It has been suggested also that China might devalue her currency, but in this likewise it is difficult to see any final remedy. It must be borne in mind that the bulk of China's silver is in the hands of the public, and that the problem, therefore, of revaluing the currency is quite different from what it was in the United States where the metallic reserves were held largely by the Government and the central bank. Moreover, if the United States continues its buying program what reason is there to believe that one revaluation will not simply lead to another?

In short, no means of defense open to China seems likely to be effective in the face of continued aggressive bidding for silver by the United States Government. With every rise in the price of silver, and increase in the disparity between Chinese exchange and the world price of silver, the incentive to smuggling will be increased. The danger, then, would be in further heavy drains on the monetary supplies of the country, leading sooner or later to runs on the banks, hoarding and general financial collapse. Were the United States Government willing to modify its program sufficiently to prevent a further widening of the exchange spread, it is possible that China might be able to work out methods of controlling the situation. The power to do this is well within the authority of the Executive, and does not imply a nullification of the will of Congress. The Treasury need simply limit its purchases to the silver offered around current prices, without further bidding up of the market, in which case it is quite probable that the actual volume of silver acquired would be greater than the Treasury is now getting, as speculators would be discouraged from holding for a larger profit. In following this policy, this Government would be lessening the danger of further serious trouble in the Far East by removing what is perhaps the chief cause of alarm in China, to wit, uncertainty as to how far the United States Government intends to go in forcing up the price of silver.

Monetary Advisory Committe Meeting Is Postponed

The first meeting of the Monetary Advisory Committee scheduled to be held at the premises of the Central Bank of China Feb. 9 was postponed owing to the absence, due to indisposition, of Dr. H.H. Kung, minister of finance. The major problems which demand attention are :

1. Gradual and constructive steps for the improvement of China's currency situation.
2. Steps for the stabilizing of the exchange market.
3. Measures for bringing about China's balance of international payments.
4. Steps to be taken which may result in the improvement or the financing of China's home industry.

Dr. Leonard Hsu Issues Statement on Silver and Commodity Prices

Dr. Leonard Hsu, Chairman of the Committee for the Study of Silver Values and Commodity Prices in connection with silver values in China, has issued a statement discussing the rise in silver prices, the London Silver Agreement, etc. He asserts that it is not true, as has been stated, that farmers in China are little affected by commodity prices.

Finance Ministry to Restrict Right of Note Issue by Banks

The Ministry of Finance has submitted a petition to the Executive Yuan, urging the rigid restriction of the right of banks to issue notes. The Finance Ministry, in its petition, particularly specifies the following two conditions under which the right of a bank to issue notes should be cancelled : first, those banks which have ceased business and are now under liquidation, and secondly, those which had been granted the right by previous administrations of the Ministry, but which have not availed themselves of the same.

Silver Stocks in U.S. Treasury Reach All-Time High

Silver imports into the United States for the week ended February 1 were valued at $3,498,000, compared with $8,406,000 the week before and $5,098,000 for the week ended January 18. The decline appears further to substantiate authoritative opinion that the U. S. Treasury's silver-buying program is not being conducted aggressively at present.

Silver stocks of the United States Treasury reached a new all time high on January 31, when they totalled $1,066,282,736, according to an official announcement in Washington Feb. 7.

Roosevelt Administration Prepares to Support Its Gold Policy

The Roosevelt administration is preparing to take action to millify the effect of a possible adverse decision by the U. S. Supreme Court on the gold clause. In the meantime the Administration has introduced a banking bill, which if adopted, would spell the end of the private banking system in the U.S. Senator Thomas has introduced a Central Bank measure even more radical than the Administration's. It is believed in many quarters, however, that the Administration may in the end decide that the measure is "too hot to handle" at this session.

The New York State Chamber of Commerce, Feb. 7 passed a resolution favoring a free bullion gold standard for the United States. Declaring that the gold bloc countries will eventually abandon the gold standard, Frank Vanderlip, former president of the National City Bank, on the same date advocated a commodity dollar based on 1926 price levels.

U. S. Commission Asks for Control of Wireless and Ocean Cables

The U.S. Federal Communications Commission has requested Congress to pass a law giving the commission control over the cable and wireless communications between the United States and foreign countries "in order to combat foreign monopolies."

Fifty-four Percent of National Bank Deposits to Be Recovered

Fifty-four per cent, or more the $1,016,439,835 of the $1,880,710,184 in the closed national banks is to be recovered by depositors, the Comptroller, J. F. T. O'Conner, has announced.

Senator Urges Legislation to Aid American Textiles Against Japanese Inroads

Senator Bankhead, from Alabama, states that he is considering the possibility of legislation to aid the American textile business from the inroads of Japanese goods.

A. C. Lamport, a textile manufacturer, testified before the Senate Agriculture Committee's forum Feb. 4 that Japan is taking markets away from American manufacturers not only in China, India and the Philippines, but also in Cuba and South American countries. He recommended a Government subsidy to the textile manufacturers.

Abolition of Public Holding Companies in Five Years Provided in Proposed Measure

Abolition of public utility holding companies within five years is provided in a drastic bill introduced in the House of Representatives Feb. 6 by Sam Rayburn, chairman of the Committee on Interstate and Foreign Commerce. The bill provides that after January 1, 1940, the Securities Exchange Commission will require every registered holding company to dispose of its shares in other companies, to reorganize, or to the dissolve, insofar as it may be necessary to make every such company cease to be a holding company. The bill allows the Securities Exchange Commission, however, to permit in rare instances the operation of holding companies if they are adjudged an economic necessity in the territory which they serve, or if they are subsidiaries of a foreign corporation.

Drastic Anti-Japanese Bill Introduced in Arizona

Representative Sullivan introduced a drastic anti-Japanese bill in the Arizona state assembly Feb. 5. His bill proposes to prohibit aliens ineligible for American citizenship from owning farm land, and from engaging in all kinds of farm labor, including the hauling of produce. The bill will deal a fatal blow to Japanese farmers if it becomes a law.

British Laborites Win By-Election: Indian Assembly Rejects Federation Plan

An important victory for the Labor Party in England coincides with the rejection of the British Plan of Federation by the Indian Legislative Assembly. Following an exciting campaign, a by-election held Feb. 7 in the Wavertree division of Liverpool, caused by the succession of Ronald Nall-Cain to the peerage, as the second Baron Brocket, resulted in a Labor victory, although as a matter of fact the Conservative candidates combined had a considerable majority. The winning Labor candidate was J. J. Cleary who had 15,611 votes as against the next highest, James Platt (National Conservative), who had 13,771 votes.

The result of the by-election is a considerable setback to the Government as apart from the Labor victory, Randolph Churchill, son of Winston Churchill, stood in opposition to the Government generally, and particularly in respect of its India policy.

On the same date an amendment contending that the proposed All-India Federation scheme is "fundamentally bad and totally unacceptable for the people of British India," was adopted by the Legislative Assembly in New Delhi. The amendment recommended that the Government of India advise the British Government not to proceed with any legislation based on the All-India Federation scheme.

A definite pledge that Dominion status was the ultimate goal of British policy in India was given by the Secretary of State for India, Sir Samuel Hoare, at the opening of the debate Feb. 6 in the House of Commons on the second reading of the new government of India Bill.

As against this Hon. Srinivasa Sostri, prominent Indian leader, in an interview said: "We cannot any longer put faith in declarations by individual statesmen or spokesman of the British Cabinet, or even in the preamble to the 1919 Act."

Secession of India from British Empire Declared Impossible

R. A. Butler, Under-Secretary for India, in the House of Commons Feb. 8 stated that all pledges of Dominion status were given to an India within the Empire. Therefore, he said, there could be no question of the possibility of the secession of India from the Empire as a result of the reaffirmation of any of those pledges. This statement was received with cheers.

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BABY'S OWN TABLETS

In the United States Court for China

In re. Estate of SARKIS LEON SAHAKIAN Deceased	Cause No. 3798 Special ProceedingsNo.1009 NOTICE Filed at Shanghai, China, February 14, 1935. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of SARKIS LEON SAHAKIAN, deceased to present the same with vouchers to the undersigned on or before August 16, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Raven Trust Company,

Federal Inc., U. S. A.

Shanghai, China.

Shanghai, February 14th, 1935.

No Encroachment on Outer Mongolia, Says Hayashi

A firm denial that Manchukuo troops have encroached upon Outer Mongolian territory was made by General Senjuro Hayashi, War Minister, in the House of Representatives in Tokyo Feb. 7. The denial was made after Mr. Shimizu, a Minseito member, asked if the reports of such nature circulated by a "certain foreign news agency" were correct.

Japanese Support Manchukuo Claim to Khalka Region

Refuting the Outer Mongolian Government's declaration that Khalka and vicinity belonged to Outer Mongolia from ancient time, the Japanese Army authorities have expressed the view that the action taken by the Manchukuo Government is quite just. They point out that the Khalka Incident occurred on January 8 when the Outer Mongolian troops invaded Manchukuo territory and drove away Manchukuo's guards. Manchukuo demanded their withdrawal but the Mongolians fired on the Manchukuo troops and a detachment of the Japanese Kwantung Army at a spot 20 meters from Khalka on January 23 when they went there for withdrawal negotiations, killing one officer and one private. Thus, they indulged in an illegal act, the Japanese Army authorities claim.

Outer Mongolian Delegate Appointed for Frontier Conference

Formal notification that he had been appointed delegate to the negotiations for the fixing of the frontier between Manchukuo and Outer Mongolia was transmitted by the commander of the Outer Mongolian border regiment stationed near Lake Buyer-nor to the commandant of the frontier post maintained by Manchukuo, on Feb. 5.

Mongol Representatives Want Conference Held on Soviet Territory

Military commanders calling themselves representatives of the Republic of Outer Mongolia have agreed to hold a conference with Manchukuo officials to discuss a settlement of the recent Lake Buyer-nor and other incidents, provided discussions are held on Soviet territory. The Mongol proposal has aroused suspicion in some quarters of official Manchukuo that the so-called Republic of Mongolia is operating on Soviet advice. No decision has been made by Manchukuo authorities but they are hoping that the Mongols will change their mind and offer a more mutually acceptable means of settlement.

Muslim Society Is Organized at Mukden

An Idel-Oural Turko-Tatar Cultural Society has been organized in Mukden under the leadership of Ayas Ishaky, The first conference was held at the Mukden Oriental Hotel Feb. 4, when 40 delegates attended. The announced object of the Society is to create harmony between the racial aspirations of the Asiatic Muslims and the cultural benefits of the Asiatic nations.

The Lake That Figures in the Manchukuo-Mongolian Border Dispute

Readers of the accounts and dispatches concerning the border dispute between Manchukuo and Mongolia will probably have had considerable difficulty in identifying some of the areas in dispute owing to variations in spelling used by the Chinese, the Japanese, the Russians and Mongolians, not to omit American geographers. Take for example, the designations "Puir Nor," "Lake Buir," "Buirnor," and also "Bör Nor," (the latter being the spelling used in the Chinese post office atlas). Rand-McNally's map gives the designation, "Lake Buyer-nor." It will be noticed that the word "lake" or "nor" (noir) is common to all designations. That is because the word "nor" is the Mongolian expression for a lake, the name of which is "Bör," or "Puir," "Buir," or "Buyer"—the spelling all depending on the predilection of the speller. The word "lake" in the designation is really superfluous, just as it is in describing a large lake in South Africa, usually referred to as "Lake Victoria Nyanza." In that instance the word "lake" is not represented by "nor," but by the word "Nyanza," (taken from the African dialect of that region.) *The Review* will hereafter use the Rand-McNally spelling "Lake Buyer-nor." This lake is situated just south of the 48th parallel on the 118th meridian. The boundary between Manchukuo and Mongolia makes a sharp northern bend at this point and in a general way follows the Khalka river, which flows into the lake. The Manchukuo-Japanese contention is that the boundary line should be further south, and if this idea prevails a triangle of land just east of the lake will be added to Manchukuo. The Japanese published a map last summer in which they already included this triangle as a part of Manchukuo.

Khalkamiao, referred to in the telegrams, is a spot where there is a large temple. "Miao" is the Chinese word for a temple. The Mongolian word for river is "gol" and on some maps the Khalka river is referred to as Khalka-gol. This river and several others which flow into the lake are navigable for motor boats. The lake abounds in fish, and Harbin draws much of its fish supply from this lake.

Manchukuo Troops Mutiny in Chinchow

More than 2,000 Manchukuo troops stationed at Chinchow are reported to have mutinied against the Japanese and have established a military base in the mountains on the Liaoning-Jehol border. As a result of the mutiny, communication on the Chinchow-Chaoyang highway has been interrupted. A mixed force of 5,000 Japanese and Manchukuo troops are launching a campaign against the mutineers.

Three Japanese Soldiers Killed in Bandit Clash in Southern Jehol

The Japanese soldiers were killed in action, when a unit of the Japanese garrison forces stationed at Hsiapancheng, in Southern Jehol, engaged some 250 bandits, led by Sun Ying-chum, in a battle at Tafang Chengtze latter part of January. A police unit, numbering 30, of Jehol City, was patrolling the vicinity on January 31, when they were suddenly attacked by the bandits, who, outnumbering the police force overwhelmed them. Upon receipt of the news, a unit of the Japanese garrison at Hsiapancheng was rushed to the scene and in collaboration with the Manchukuoan squad from Suiheng, fought in a severe encounter.

Bandit Force in Antung Province Reported Annihilated

A bandit force under Fuchan was reported to have been completely annihilated early in the morning of Feb. 6 at Naokou by a detachment of the Kuantung army. The surprise attack launched by the Kuantung detachment was directed against a force of bandits operating in the area east of Sinyen, Tungpientao, Antung province. One fatality was suffered by the Kuantung forces.

Manchukuo's Trade Increases, But Balance Unfavorable

Manchukuo's foreigh trade for the first ten month of 1934 showed an increase of $78,000,000 over the corresponding period of the preceding year, according to a report issued by the Department of Finance in Changchun Feb 7. The total trade for the period amounted to $840,000,000, of which exports comprised $364,000,000 and imports $476,000,000, thus leaving an unfavorable balance of $112,000,000.

Mitsui Bank Agency at Dairen to Be Raised to Branch Status

The Mitsui Bank Agency at Dairen is to be promoted to the status of a branch. Deposits are not to be received nor are loans to be made. The branch will engage in foreign exchange business only.

Manchurian Investments by Japan Total Yen 481,000,000

Japan's total investments in Manchukuo since 1932 amount to Yen 481,000,000, the authorities of the Finance Ministry disclosed in reply to a question put to the Government by Mr. Mitsugu Tanaka, Minseito, in the House of Representatives Feb. 5. The investments in 1932, the Finance Ministry stated, amounted to Yen 119,000,000. In 1933 the Manchurian investments amounted to Yen 118,000,000 and in 1934 they reached a sum of Yen 244,000,000, the grand total being Yen 481,000,000.

Gen. Hayashi told the Sub-Committee on Deficit Bonds in the House of Representatives Feb. 7 that the large amounts now being spent in Manchuria are required for the expansion of air force establishments, a project that will take four years to conclude. More than Yen 150,000,000 is being budgeted for Manchurian Affair expenditures this year. General Hayashi also disavowed any intentions of carrying out a program of national socialism or "extreme control" of industries in Manchuria.

C. E. R. Transfer Contract May Be Initialled Early in March

Members of the committee drafting the contract for the transfer of the North Manchuria (Chinese Eastern) Railway from Russian to Manchukuo ownership still await receipt of instructions from Moscow addressed to the Soviet representative . At the present rate of progress, a Japanese Foreign Ministry official said, the draft will be ready for initialing early in March.

Soviet Russia is not likely to use the money received for its share of the North Manchuria Railway to conduct communist propaganda in Manchukuo or to increase her military strength in the Far East, Mr. Hirota, Foreign Minister, said in the House of Representatives Feb. 7.

The Soviet regime, Mr. Hirota added, was too absorbed in the economic reconstruction of the country to use the railway funds for such purposes.

Filipinos Adopt Final Draft of Proposed Constitution

The Constitutional Convention at Manila adopted the final draft of the proposed constitution. The adopted document is generally similar to the draft previously sent except the provision for a one-chamber legislature.

Soviet C. E. C. Presidium Is Organized With New Personnel

At the first session of the newly elected Central Executive Committee of the USSR, on Feb. 8 in Moscow the Presidium of the Central Executive Committee of the USSR, composed of 27 members and 24 reserve members, was formed. The members include Stalin, Kalinin, Voroshilov, Kaganovich, and others. Kalinin, Petrovsky, Cherviakov, Mussabekov, Khodjaev, Aitakov, and Rakhimbaev have been elected as Chairmen of the Central Executive Committee of the USSR, and Yenukidze as the Secretary.

The Council of People's Commissars of the USSR has been formed with Molotov as Chairman and Chubar, Rudzutak, and Mejlauk as vice-chairmen. The People's Commissars are: Litvinov, Foreign Affairs; Voroshilov, Defence; Yagoda, Home Affairs; Rosengolz, Foreign Trade; Ordjonikidze, Heavy Industry; Lobov, Timber Industry; Liubimov, Light Industry; Mikoyan, Food Industry; Weitzer, Internal Trade; Chernov, Agriculture; Kalmanovich, Stock-breeding State farms; Andreyev, Railways; Pakhomov, Waterways; Rykov, Communications; and Grinko, Finance.

The Constitutional Commission created for elaboration of the new text of the Soviet Constitution, consists of 31 members headed by Stalin, and includies Molotov, Voroshilov, Kaganovich, Chubar, Litvinov, and others. The Commission is charged with the duty revising the present text of the Consti ution of the USSR and to submit the revised text to one of the sessions of the Central Executive Committee of the USSR for approval.

⁂

Saito Says Russians Foment Intrigue in China

A plea by General Smuts, South African statesman, for practical co-operation between Great Britain and the United States for the maintenance of China's integrity, is given much prominence in the London newspapers. Meanwhile, no little comment has been aroused by an address in which the Japanese Ambassador to the United States, Mr. Saito, publicly accused Soviet Russia of intrigue in China. Mr. Saito, who was speaking before the Council of Foreign Relations in Chicago, said that Japan's greatest fear was aggression by the Soviets. The Soviets, he said, had been directing the revolution in China.

Japan's intervention in Manchuria and her present activity in China were, he added, intended to curtail the influence exercised by Russia in those sectors.

He declared in conclusion that the idea that Japan wished to control China was "childish." His charge against Russia followed a statement in Capetown by General Smuts that in view of Japan's policy, there was a serious risk that the Pacific would become a potential danger-spot on a colossal scale.

Ambassador Saito is his speech in Chicago, Feb. 9, also stated that Japan's Far Eastern policy is designed to prevent Occidental political and military invasion of China. The Ambassador went on to state that the prevention of western nations from establishing further naval bases such as the Russians had at Port Arthur and the Germans had at Tsingtao correlated this policy. "Until China's condition," Mr. Saito declared, "no longer tempts adventurous foreign nations into the Orient, Japan must be prepared for any eventualities."

⁂

More Jewish Settlers Arriving in Siberian Biro-Bidjan

The vanguard of some 12,000 additional Jewish settlers has arrived in the Siberian Biro-Bidjan "colony," located on the lower Amur river to the west of Habarovsk, capital of the Soviet Far East. The 12,000 new settlers who will arrive in 1935 will bring the Jewish population in this district to well above 50,000. The colony was founded in 1928 for the purpose of finding a home for Russian Jews who were forced out of employment in private industries and agriculture in European Russia. Recently the Soviet government decided to grant the colony an "autonomous" status and on December 18 last the first "congress of soviets" in the area was held. The territory where the colony is located possesses extensive forests, gold, iron, magnesium, coal and other mineral resources. It was claimed that the area under cultivation has more than doubled and that industrial goods produced in 1934 amounted to nearly 8,000,000 rubles. Considerable attention in 1935 is to be devoted to the construction of new dwelling houses, of which there ia a great scarcity due to the rapid increase in population. Jewish organizations in the United States, particularly in New York and Los Angeles, have contributed large sums to the Biro-Bidjan experiment.

⁂

Belgium Decides Not to Resume Relations with Soviets

The Belgian Chamber of Deputies by a vote 87 votes to 83 Feb. 6 declined to agree to a proposal for the resumption of diplomatic relations between Belgium and Soviet Russia.

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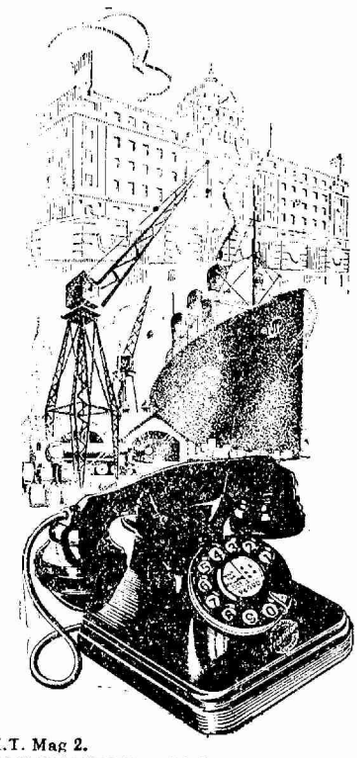

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Does Speculation Affect Cotton and Yarn Markets?

BY B. Y. LEE (李 炳 郁)

RECENTLY 27 leading Chinese cotton mills in Shanghai submitted a joint petition to the Executive Yuan in Nanking and Shanghai City Government, requesting that representatives be sent to Shanghai to conduct an investigation into the Chinese Cotton Exchange. They asked that speculation in cotton and yarn futures on the Cotton Goods Exchange be prohibited in order that the existence of Chinese cotton mills should not be threatened by reckless speculation. The plight of the native cotton mills has now become so precarious that a loss of $15 to $25 is incurred on each bale of manufactured yarn. The hardships that the Chinese cotton mills have experienced during the past two years are now almost insurmountable, principally due to the low price of yarn and high price of native cotton. It is alleged that the cotton and yarn markets have been greatly disturbed, due to the large-scale speculation being carried on at the Chinese Cotton Goods Exchange, and the difficulties of the native mills have been further aggravated. It has long been the practice at the Exchange to permit operators to buy and sell futures on a margin basis. This is equivalent to unbridled speculation, with all its evil ramifications.

Whether fluctuations in prices are solely caused by speculators in the long run or not, remains to be seen. The Chinese Cotton Goods Exchange in Shanghai was established in 1922, and during the first few years since its existence, the cotton mill industry was unusually prosperous, and no one ever thought or spoke openly of evil consequences in speculation. During the past two years, expecially during the past year, various efforts have been made to uplift China's cotton mill industry by the Government and the millowners themselves, but so far no concrete result has been obtained. Now the blame is shifted on the Exchange as a factor that has caused the present depressed yarn market. The Chinese cotton mill industry has passed through the most trying period in its history. Since the beginning of 1934 many Chinese-owned mills have suspended operations or reorganized, especially those in the interior. Many mills are now in the bankers' hands.

Immediate Revival Not to Be Expected

There is no way to induce the people to buy the products of the mills, as the purchasing power of the masses, particularly the peasant class, is at a very low ebb, and at the same time the price of the native raw cotton is soaring daily, and is alleged to have been manipulated by the Japanese millowners and exporters. As the cotton yarn is mostly consumed by the peasant class, an immediate revival of the trade can not be expected, unless aided by some unforeseen factors.

Speculation is one of many causes of the depressed yarn market. Speculators are human; they always manipulate the market, according to their forecasts, even temporarily. They drift with the current, and the current is not artificially created by them. Whenever the market seems favorable, they buy; and whenever it seems unfavorable, they sell, thus causing a wide fluctuation in prices temporarily. There are actual and speculative markets; each influences the other. In the Shanghai spot market, the total number of bales of yarn sold is from 1,000 to 2,000 daily, and the total number of piculs of raw cotton is about the same. But in the Exchange, the total amount of transactions is a hundred times this. The prices quoted in the Exchange are standard prices all over China where dealers and purchasers would buy and sell. The Exchange is not a pure speculative market, for cotton dealers and millowners also buy and sell whenever opportunities present themselves. Without an exchange, merchants will be confronted with difficulties as to how to dispose of a large quantity of stock when prices are high. The cotton dealer collects the raw material in the interior at a low price, and telegraphs his assistants in Shanghai to sell futures, thus protecting himself against future price fluctuations. This is what is termed "hedging", which is absolutely necessary. From these points of view, the Cotton Goods Exchange in Shanghai is of vital importance, and its suspension, even temporarily, will cause much inconvenience to merchants as a whole.

Artificial manipulation in the market must be restricted; and the trading must be done in accordance with a regulated set of regulations or laws in order that aggravated abuses and evil practices are to be eliminated, or at least to some extent. During the past years, thousand bales of yarns of inferior quantity were dumped into the godown of the Cotton Goods Exchange, and toward the end of the settlement day each month, the yarn price dropped heavily because both the yarn dealers and speculators dared not take delivery of the inferior yarn. Almost every month during the past year the price of yarn dropped after the 20th, and many people believed that the inferior yarn delivered in the the Exchange's godown was one of the principal causes of the depressed yarn market. Since last September, the exchange authorities have not permitted the inferior yarn to be delivered, and only yarn up to a certain standard is acceptable. Everybody thought this remedy would bolster the yarn market. But since then, the market has not improved a bit. One time last year the number of bales of yarn stored in Shanghai mill warehouses and godowns was more than 100,000, but now the total is reduced to about 70,000 bales. This figure is little above the total that is usually stored in godowns in normal times. Once last year an industrial company was organized by the millowners and merchants with the aid of the Industrial Commission with the object of purchasing yarns of any quantity at the Cotton Goods Exchange in order to prevent wide fluctuations of yarns. This scheme was, too, a failure, after several months' experiment. Having exhausted all the thinkable formulas to uplift the cotton mill industry, some millowners now think that the closing down of the Cotton Goods Exchange will bolster the yarn market, as the low price of yarn is manipulated by speculators. If this scheme does not work, we wonder what will be the next.

Let us see why and how the price of China cotton can not be effectively controlled. Most millowners charge that the high price of China cotton is the curse and that it is manipulated by the Japanese. How to make the price of China cotton cheap in order to compensate the millowners is a herculean task. It fluctuates with the American staple, cent for cent. Any plan formulated to fix the price of the local cotton defeats itself from the start. The price of the Hankow standard, good enough for 20's yarn, quoted at the Chinese Cotton Goods Exchange, is always from 10 to 15 dollars per picul lower than American staple, ex-wharf, Shanghai, regardless of any unseen factors. Without artificial manipulation in the Cotton Goods Exchange, the China cotton always follows the New York market cent for cent except when during a time of local political disturbance, tightness of the local money market, and violent fluctuation of foreign exchange, affect the price. Before deciding to purchase China cotton, every millowner must scrutinize the New York quotations and their causes of drop or advance. Successful cotton merchants and millowners in China are those who have thoroughly studied and understand the American cotton market. A knowledge of the China cotton market is essential, but on the whole it is not very important in the long run. Abnormal conditions may prevail for a time, but sooner or later an adjustment in prices between China and American staples must be reached.

Yarn Still Cheaper Than Before

The low price of cotton yarn also can not be prevented. Most millowners have formulated various methods to raise its price, but so far the yarn is still cheaper than before. How to bolster the yarn market in order to compensate the millowners is another difficult task. The Chinese yarn market must follow that in Osaka, Japan. The price of the standard yarn quoted in the Chinese Cotton Goods Exchange is always the same or a little higher than that quoted at the Osaka Yarn Exchange, including freight and duty. In recent months, the Yen has been unusually low in terms of silver. Now 100 Chinese dollars can buy as much as 125 Yen, but two or three years ago, the Yen was almost twice as high as at present. Now-a-days, the yarn imported from Japan is cheaper than that purchased in China, of the same quality or even better. How can we stop the people buying the Japanese yarn, which is usually cheaper and better? Unless this problem is satisfactorily solved, practically no workable methods can be formulated to bolster the Chinese yarn market. The closing down of the Cotton Goods Exchange in Shanghai will certainly not give any material benefit to millowners, who wish to lower the price of the domestic cotton and increase the price of domestic manufactured yarn. We must seek for another channel for relief. The Government financial assistance, either in form of loans or an increase of import duty on cotton yarn, will be more practical.

The following figures show the import of cotton piece goods into China during the past three years:—

Year	*Total Import*	*Import from Japan*
1931—81,922,000	Customs Gold units	58,106,000 Customs G. units
1932—53,831,000	,, ,, ,,	33,763,000 ,, ,, ,,
1933—28,060,000	,, ,, ,,	16,049,000 ,, ,, ,,

The following figures show the total value of cotton goods imported into China as compared with that of the total import during the past five years:—

Year	*Taels of total import*	*Taels of cotton goods*
1928	1,195,989,000	254,352,000
1929	1,265,778,000	276,257,000
1930	1,309,755,000	278,880,000
1931	1,433,489,000	290,312,000
1932	1,049,346,000	200,788,000

The imports of Japanese cotton piece goods during the past two years have decreased considerably, due to the anti-Japanese boycott. Now the situation is almost normal, with the boycott having subsided, and the Japanese cotton goods imported are the same or even more than in former years.

The highs and lows of both raw cotton and yarn quoted in The Cotton Goods Exchange during the past year are as follows:—

	COTTON high	COTTON low		YARN high	YARN low	
Jan.	$42.40	$39.95	per picul	$174.40	$170	per bale
Feb.	$44.00	$42.00		$181.50	$172.00	
March	$42.75	$41.60		$184.00	$170.30	
April	$41.65	$40.65		$170.70	$160.30	
May	$45.40	$41.15		$175.10	$167.70	
June	$47.75	$44.75		$183.80	$175.20	
July	$37.95	$35.50	(New weight of	$183.00	$178.00	
August	$36.95	$34.30	83 lbs. per	$185.70	$179.70	
Sept.	$35.50	$33.55	picul)	$178.40	$171.50	
Oct.	$37.10	$33.65		$183.70	$168.50	
Nov.	$36.50	$34.35		$182.90	$177.20	
Dec.	$37.35	$36.05		$187.00	$181.80	
1934	$33.55	$47.95		$185.70	$160.30	
1933	$49.80	$38.40		$202.50	$169.90	
1932	Tls.35.40	Tls.27.00		Tls.157.50	Tls.138.30	
1931	Tls.45.40	Tls.30.35		Tls.178.40	Tls.145.20	

The total amount of transactions in cotton yarn and cotton and the amount actual delivered and taken up, at the Cotton Goods Exchange during the past four years are :—

	COTTON piculs	YARN bales
1934	27,919,200 transacted	9,956,900 transacted
	283,600 delivered	83,450 delivered
1933	24,339,300 transacted	9,703,650 transacted
	221,100 delivered	105,950 delivered
1932	14,601,300 transacted	5,434,750 transacted
	151,900 delivered	49,100 delivered
1931	24,672,100 transacted	11,340,000 transacted
1934	789,000 sold on spot market	319,900 sold on spot market
1933	800,800 sold on spot market	237,190 sold on spot market

From the above tables, we can readily see that the amount of cotton and yarn actually delivered and taken up in the Cotton Exchange is about one percent as compared with the total amount of transactions. This means there is 99% speculative buying and selling in the Exchange, and one percent actual buying and selling. These figures tell us that the Cotton Goods Exchange plays an important role in determining the yarn and cotton prices, but it is not the only important one. Other factors must be taken into consideration when we study the cotton and yarn markets in China. We have tried practically all the workable methods to uplift the cotton mill industry, and the closing down of the Cotton Goods Exchange is considered one of them. Whether we can afford to see it closed or not remains to be seen. And at the same time a continued agitation against the Exchange spreads, and afterwards it dies a natural death.

Japanese to Investigate Alleged Arnhold Antimony Monopoly

Japanese diplomatic and consular agencies in China have been ordered by the Tokyo Foreign Office to make an official investigation of renewed reports that Arnhold & Co., Shanghai, had been granted monopolistic rights for the exportation of refined antimony produced by the Hunan Antmony Syndicate. If the report proves correct, the Japanese Government will lodge a protest with the Nanking Government on the ground that such a monopoly violates Articles 9 and 10 of the Sino-Japanese Commercial Treaty, a Foreign Office spokesman said. Gen. Ho Chien, chairman of the Hunan Provincial Government, denied on Dec. 4 that exclusive rights for the sale and export of antimony were granted to any foreign concerns. The reply stated that a certain foreign firm was permitted to sell Hunan antimony ore, but that such a permission did not create a monopoly and that the provincial government was prepared to conclude contracts with other firms.

According to reports current in Japanese business circles, 94 percent of the output of the semi-official Syndicate has been pledged to Arnhold & Co. in exchange for financial assistance. The agreement, it is further alleged, stipulates that the balance of the output may only be sold to agencies approved by Arnhold & Co. This export monopoly franchise will be effective for six months with an option for renewal upon expiration, it was said.

The Hunan Antimony Syndicate was organized on Dec. 9. It notified all consulates in Changsha that all exporters wanting to purchase the mineral would have to apply through the Bureau. This, it was explained, was done to "avoid unnecessary difficulties."

Philippine Government Not to Renew Japanese Land Leases

Non-renewal of Japanese land-leases in the Province of Davao (Philippines), has been decided upon by Eulogio Rodriguez, Secretary of Agriculture and Commerce, following his return to Manila from a trip to Davao. Mr. Rodriguez is reported to have abandoned the plan advocated by some Filipino legislators for the purchase of Japanese land holdings in Davao by the Philippine Government.

SHANGHAI POWER COMPANY

Under the terms of its Mortgage and Deed of Trust dated as of February 1, 1933, to the Hongkong and Shanghai Banking Corporation, Shanghai Power Company issued on February 11, 1935, an additional C.S.$20,000,000.00 principal amount of its First Mortgage Debentures 5½% Dollar Series due 1973. As the whole of these debentures have been privately placed there will be no public offering.

The circumstances attendant upon this additional issue were as follows:

On June 30, 1934, Shanghai Power Company had outstanding U.S.$6,584,000.00 principal amount of 20 Year 6% Gold Debenture Notes Series A due 1950.

The Company's earnings are preponderantly in silver and it was deemed advisable and protective to the Company, in view of the prevailing exchange and silver situation, that silver securities be substituted for the Gold Debenture Notes in order to reduce the Company's foreign exchange risks.

To that end, the Company entered into agreements on June 30, 1934, with its bankers under which such bankers advanced to the Company an amount in Chinese Dollars sufficient to retire U.S.$5,846,000.00 principal amount of the 6% Gold Debenture Notes before referred to. In addition, the bankers advanced C.S.$490,054.55 which was applied in the reduction of the Company's local short term silver obligations. In satisfaction for all such advances the Company issued and delivered to the bankers on February 11, 1935, a principal amount of C.S.$17,787,900.00 of the Company's First Mortgage Debentures 5½% Dollar Series due 1973, plus a small cash adjustment to meet odd amounts representing less than C.S.$100 principal amount of debentures.

In order to provide for the retirement of the remaining U.S.$738,000 principal amount of the 6% Gold Debenture Notes, the Company entered into an agreement on July 2, 1934, with Far East Power Corporation under which the balance of the Notes were surrendered on February 11, 1935, by Far East Power Corporation to the Company in exchange for C.S.$2,212,100 principal amount of Shanghai Power Company's First Mortgage Debentures 5½% Dollar Series due 1973.

As a result of this financing, a 5½% silver debt has been substituted for a 6% foreign currency debt, which has been completed retired.

A comparison of the capitalization of the Company, before and after the completion of the foregoing financing is as follows:

	as of June 30, 1934	as of Feb. 11, 1935
First Mortgage Debentures 5½% Dollar Series due 1973	C.S.$68,000,000.00	C.S.$88,000,000.00
20 Years 6% Gold Debentures Notes Series A due 1950	U.S.$ 6,584,000.00	
Capital Stock (No par value):		
6 Tael cumulative preferred stock	220,000 shares	220,000 shares
Second preferred ...	55,757 shares	55,757 shares
Common..	3,000,000 shares	3,000,000 shares

SHANGHAI POWER COMPANY
ASHLEY HARMAN,
Asst. Secretary & Asst. Treasurer.
Shanghai, February 12, 1935.

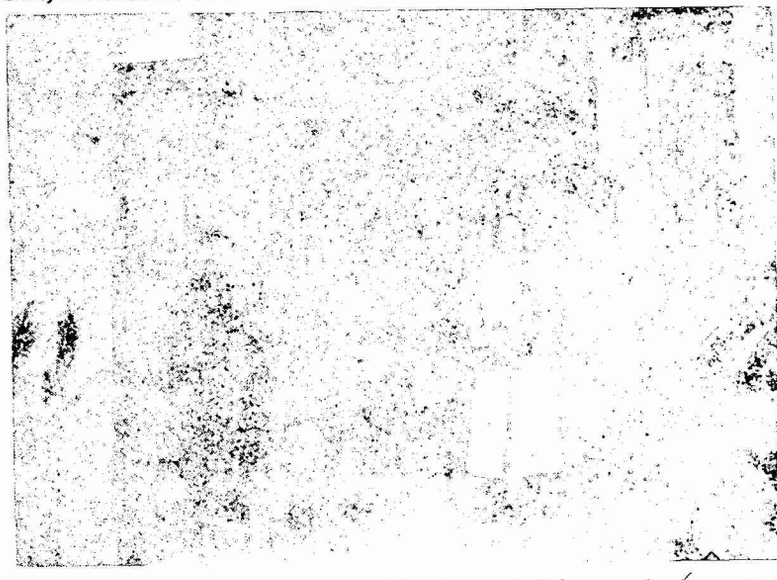
Special-Type Mass Education in Kiangsi

BY S. Y. CHI (季世英)

(*Continued from Feb. 2 issue of The Review, page* 328)

The Training of Workers

The administrators of the special-type education demand special training. In February last, the Institute took in 84 students and grouped them into two First-period Training Classes. After a period of four-month's strict training, 80 of the original number were graduated. In the following June, in addition to the organization of two Second-period Training Classes, as were intended in the early plans, two Summer-vacation Training Classes were organized with the purpose of increasing the supply of teachers for the administration of the special-type education in the recaptured districts and of meeting their special demands, and also one Research Class, the members of which are to receive the special training as may be required of the supervisors of the special-type education. With the exception of the Research Class (37 pupils), number of 254 students were graduated and sent out to render their services in the recovered districts.



This photo shows a group of foreign and Chinese schoolmasters and teachers, led by Chen Shih-Kwei, Commissioner of Education, visiting the "Communist-bandit Reformatory"—*From left to right:* Commissioner of Education Chen Shih-kwei (in long gown); Miss Thompson of Knowles Women's Bible School, and Col. Hsin Yao-sin (in uniform), Superintendent of the Reformatory. The Second Kiangsi Teachers Winter Vacation Meeting was brought to a successful conclusion Jan. 31 after a week's session. The closing ceremony was held at the big auditorium of William Nast College. About 350 schoolmasters, teachers and educationists from schools in 40 districts, headed by Chen Shih-kwei, Commissioner of Education, discussed the various phases of the educational problems. Before leaving for Nanchang Commissioner Chen expressed, on behalf of the Teachers Meeting, their hearty thanks to the two mission schools, Rulison Girls' High School and William Nast College for their kind hospitality.

In training the workers of the special-type education, the Institute has definitely followed certain unified objectives. Physically, it aims at the building up of strong and healthy bodies and the formation of the habits of perseverance; and on the side of understanding and skill, at the cultivation of the ability to right the wrong thoughts of the masses, to lead them in self-defense, to increase their capacity of production, to equip them with necessary common knowledge, to promote co-operative activities, and to help and direct the self-government of the localities. Intellectually, it stresses the profound recognition of San Min Chu I as the only doctrine of national salvation. Much attention was paid to the lecture meetings of a professional nature, to the reports of the conditions in the bandit-districts, to the teaching of common knowledges of health and hygiene, and to the practical experiences in agricultural and industrial arts.

In the mental discipline of the students, a positive strong hand was taken to gradually militarize their daily life. In the Institute, the "tutorial system" now very popular in Europe and America was introduced. In regard to the students in the Research Class, the Institute is to pay even more attention in their training, for their mission is to be greater than those of the Training Classes. Hence the following projects are up:

1.—To send them forth to the recently recaptured districts to actually try their hand at the supervision of the Chung San People's Schools and to collect real problems for concentrated study and research after their return to the Institute.

2.—To send them forth to the Experimental Stations of the Institute or of any other institutions for practical experiences.

3.—In the hope of making every one of the students a good worker for the promotion of rural cooperation, agricultural improvement, and health and hygienic practices in the rural communities, the Institute is presently drawing up plans for cooperation with Kiangsi Committee on Rural Cooperation, Kiangsi Agriculture College, and Kiangsi Institute of Public Health, in the great undertaking to direct and improve various activities of the rural communities. Then they will be sent out for practical experiences in various technical institutions for a period of one or two months.

As the points of emphasis of the special-type education are education, nourishment and defense, the activities of the present set-up are selected from among the most fundamental and important elements of these three-fold phases.

1.—The establishment of Chung San People's Schools, the administration of civic training, the holding of public lectures, and the initiation and management of the learn-to-read-and-write movement.

2.—The improvement of rural production, the promotion of by-products in the rural families, and the initiation and management of various cooperative activities.

3.—The organization of groups for self-defense, the promotion of public health, and the training of strong and healthy bodies.

Research

The research on the theory of the special-type education and the demonstration of the methods of its administration may be recognized as the main task of the Institute, which is classified as follows:

The publication of a Handbook to the Kiangsi Institute of Teacher-training for People's Education and the first edition of the Special-type Education in Kiangsi.

The publication of the Message of the Special-type Education devotes to the raising, the discussing and the solving of real problems and does not touch on abstract theorizing.

The publication of various booklets: The Special-type Education, Its Meaning and Administration; Lectures on Public Health and Hygiene; The Short-period Obligatory Education; Source-materials for Public Lectures; etc.

The writing and Rewriting of Text-books for all grades of the Chung San People's Schools.

In order to measure the outcome of the instruction in the Chung San People's Schools, two achievement tests have been prepared, one for the use in the Youths Class, the other, in the Adults Class.

In addition, such tasks as the compilation of various statistics, the establishment of the experimental Chung San People's Schools, the making of plans and reports, etc., are as yet in the process.

Finance

According to original plans, Kiangsi was to annually receive $400,000. Now, owing to the fact that the Indemnity fund interest has this year been assigned for some other use, there is thus made available to all five provinces a total sum of only $400,000, of which amount Kiangsi receives a share of no more than $120,000. Added to the amount of $120,000 from General Chiang's Headquarter at Nanchang, it totals up to $240,000, that is, $160,000 less than what was originally assigned to Kiangsi. Hence, the Institute feels the strain of financial distress.

Moreover, according to original plans, out of the 71 hsiens recovered from the bandit-infested areas, a total of 852 Chung San People's Schools have to be established. But the funds made available to Kiangsi this year are much too small to enable the Institute to measure up with the standards. And, in order to economize and to increase the efficiency of the "dollars and cents," they set the average number of classes in each Chung San People's School at four, and that of the average annual expenditure at $947.40. These averages show the degree of economizing, but the amount thus saved up will still be far too small to make up the difference between what they get and what they expected to get. As a result, many other phases of the Institute's work are to a very great extent influenced and neglected. The following is the budget for the present fiscal year:

Chung San People's Schools	$168,000.00
The Institute of Special-type Education ...	38,012.00
Supervision	3,780.00
Materials for instructions (Texbooks, etc.) ...	10,800.00
Subsidy	8,000.00
Publication and advertising	2,000.00
Surveys	2,000.00
Miscellaneous Expenses	7,408.00
	$240,000.00

New projects include: 1.—Establishment of the experimental stations; 2.—Importance of localized direction and guidance; 3.—Promotion of the rural undertakings; 4.—Preparation of textbooks for use in women classes; 5.—Preparation of reference reading books and materials; 6.—Exhibition of special-type education.

Kiukiang, February 1, 1935.

Who's Who in China

Z. T. ING, Government Official and Professor of Biology; native of Fenghua, Chekiang; born on December 21, 1886; graduated from the Anglo-Chinese College, Shanghai, 1907; received his B. Sc. degree from the University of Wooster, Ohio, U. S. A., 1912; M. A. from Columbia University, New York City, 1913; Professor of Biology, the University of Nanking, 1913-19; Manager of the Kweichow Trading Company, New York City, 1919-22; Professor of Biology, Nankai University, Tientsin, 1922-26 Assistant Manager of the Shanhaikuan Engineering Department Works, Peking-Mukden Raliway, 1926-27; Secretary, Tientsin - Pukow Railway Administration 1927-28; Junior Secretary and concurrently Chief of Telegraph Section, Ministry of Foreign Affairs, 1928-29; Senior Secretary and concurrently Chief of Personnel Section of the same Ministry, 1929-30; Co-Director of the Administrative Department, 1930-31; Director of the Administrative Department, 1931-34; now Member of the Treaty Commission; address: Ministry of Foreign Affairs, Nanking.

應 尙 德

Z. T. Ing (Ying Shang-teh)

應尙德，浙江奉化人，年四十八歲，現任外交部條約委員會委員，上海中西書院畢業，美國胡思透大學理科學士，美國哥倫比亞大學文科碩士，歷任南京金陵大學天津南開大學教授，紐約裕記公司經理，前京奉鐵路山海關鐵工廠協理，前津浦鐵路管理局秘書，外交部簡任秘書兼總務司電報科科長，典職科科長，總務司幫辦，總務司司長，條約委員會顧問等職。

Report of Shanghai Police Commissioner Shows Decrease in Crime

The annual report of the Shanghai Commissioner of Police shows a decrease of 2,145 in the total number of cases registered under all heads of crime. Armed robbery remained practically at the same comparatively low figure as in the year 1933. Statistics for the year show a total of 15,231 cases registered as against 17,376 in 1933 and 16,429 in 1932, 16,968 in 1931, and 15,664 in 1930.

U. S. Rotarians, Enroute to Manila, Entertained Here

Paul P. Harris, founder of Rotary, and R. L. Hill, president of Rotary International, and many other prominent Rotarians from the United States, passed through Shanghai this week on the Dollar liner *President Coolidge*, enroute to Manila to attend the Fifth Pacific Rotary Conference. They were guests at the Shanghai Rotary Tiffin at the Metropole Hotel Feb. 13. A Chinese tiffin for Rotary women was served at the Sun Ya Restaurant in Nanking road. A dinner reception was given at the Astor House on the evening of Feb. 13.

CUSTOMS NOTIFICATION No. 1430

The public is hereby notified that in accordance with Government instructions the entry into China of a monthly periodical entitled "China To-day" published in New York is prohibited.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 11th February, 1935.

In the United States Court for China

EDWARD JAMES SMITH, Plaintiff, vs. BERNICE BRINK SMITH, Defendant.	Cause No. 3803 Civil No. 1759 ORDER Filed at Shanghai, China, January 31, 1935. William T. Collins, Clerk.

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, has this 21st day of January, 1935, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 21st day of January, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 21st day of January, 1935, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has she resided therein during the past six months and that defendant's last known address was 524 Garden Street, Coeur d'Alene, Idaho, U. S. A.

NOW, THEREFORE, it is this 21st day of January, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, Shanghai, China, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 23rd day of February, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,
this 21st day of January, 1935.

MILTON J. HELMICK,
Judge.

Men and Events

Einar Lindquist, Swedish Consul-General, has returned to Shanghai from a trip to North China.

Loy Chang, newly appointed Director-General of the Customs Administration under the Ministry of Finance, assumed office at Nanking Feb. 7.

George Fitch, secretary of the Shanghai Foreign Y. M. C. A. returned with Mrs. Fitch this week after a long vacation spent in the United States and Europe.

Col. John Jouett, co-director of the National Aviation School at Hangchow, departed for Manila this week in order to visit his mother who is ill in Manila.

The U. S. Senate on Feb. 12 confirmed President Roosevelt's nomination of Edward L. Faupel, of Los Angeles, to be marshal of the United States Court for China.

Kuo Tsung-tsuei, head of the Honan Government Salt Bureau, was removed from his position last month. He is charged with corruption, and is now detained in Nanking for trial.

George F. Shecklen, representative of Radio Corporation of America and adviser to Chinese Government Radio Administration, has returned from a business trip to Hongkong.

General Hung Hu-sung, special envoy to Tibet, arrived in Shanghai this week on his way back to Nanking to report to the central authorities on the result of his mission to Tibet.

The Ministry of Education has appointed Hu Hsien-shiu, director of the Fan Memorial Institute of Biology, as Chinese delegate to the sixth Inteanational Botanical Conference scheduled to be held at Holland July next.

Aimee Semple McPherson, noted American evangelist, arrived in Shanghai from Japan Feb. 13. After visiting here and in North China she intends to proceed to Manila where she will hold revival meetings.

On the eve of a threatened war between Italy and Ethiopia, George Hanson, former U. S. consul general at Harbin, and in the meantime serving at Moscow, has been appointed consul general and charge d'affaires at Addis Ababba.

Miss Peggie E. Williams, daughter of Mr. and Mrs. E. H. Williams, formerly of Shanghai and now resident in the United States, and Hans H. Bohlmann, of the staff of the American Express Co., were married in Shanghai Feb. 7.

Prof. Chang Peng-chun of Nankai University, Tientsin, who has been commissioned by the Ministry of Foreign Affairs to investigate cultural conditions in Soviet Russia, arrived in Shanghai this week. He will proceed to Russia via Vladviostock.

The engagement is announced of Miss Leonore Barry, secretary to U. S. Consul General Cunningham, to Lieut.-Comdr. Emmett Peter Forrestel, U.S.N., now stationed at Manila, son of the late Mr. and Mrs. Peter Forrestel of Buffalo, New York.

John Allison of the American Embassy in Tokyo, accompanied by Mrs. Allison, departed on Feb. 6 for the United States on home leave, traveling by way of Siberia and Russia. Mr. Allison was formerly connected with the U. S. Consulate-General at Shanghai.

The crew of the s.s. *President Jackson* are being entertained on arrival in Yokohama Feb. 16, by Foreign Minister Hirota and the Japan-American Association in appreciation of the rescue of the Japanese crew of the s.s. *Hokuman Maru* before she went down on Jan 21, out from Vancouver, B. C.

V. G. Telberg, manager of the International Book Store in Tsingtao, was in Shanghai on a business trip this week. Mr. Telberg is collecting material for a new book dealing with the period of the siege of Tsingtao by the Imperial Japanese fleet in 1914.

The University of California Club was scheduled to hold an informal dinner at the Hung Far Lou restaurant, 337 Foochow Road, on February 14, to welcome Julean Arnold, U.S. Commercial Attache, who recently returned from a trip to the United States.

Sven Hedin, eminent Swedish explorer and leader of the Chinese Government's Highways Expedition to the North-west, arrived with six of his party in Sian from Lanchow Feb. 8. The party was en route to Nanking to report on the outcome of the expedition.

W. S. A. Pott, son of Dr. F. L. Hawks-Pott of St. John's University, was elected vice-president of the Alumni Association of the University of Virginia, in New York City. W. S. A. (Bill) Pott has been in the United States for several years, where he is an official of General Motors Corporation.

Up to date, 6,527 persons throughout the country have registered and been granted licenses by the Ministry of Interior to practise as physicians; 263 as pharmacists, 831 as assistant pharmacists; and 2,106 as midwives, making a total of 9,727 persons, according to statistics compiled by the Ministry.

The Rev. Luther A. Weigle, dean of the Divinity School of Yale University arrived in Japan last week on his way to China where he will remain until next August making a study of Christian education. Dr. Weigle is accompanied by Mrs. Weigle, their son Dr. Richard Daniel Weigle, who also is a teacher at Yale, and Miss Ruth Alice Weigle.

H. R. Ekins, manager of the office of the *United Press* in Peiping, has returned to the United States on home leave.

Funeral services were held in Shanghai Feb. 6 for the late Z. T. Tsu by Pastor E. S. Yu of St. Peter's Church. Mr. Tsu served for many years as principal of the Y. M. C. A. School on Szechuen Road. He entered the school as dean soon after his graduation from St. John's University in 1905 when the late S. K. Tsao was principal.

Miss Mao Wen-yen, a graduate of the Women's Normal School in Peiping, and who had studied in the United States several years before returning to China and Hsiung Hsi-ling, former prime minister of the Peking government, were married at the Moore Memorial Church in Shanghai, Feb. 9. The groom is 68; the wife 41 years of age.

Two Chinese were killed and several more critically injured when an illicit narcotic drug manufacturing plant, situated in an alleyway at 663 Chekiang Road, Shanghai, exploded Feb. 8. Unmistakable evidence that a narcotic manufacturing plant was being conducted on the premises where the explosion occurred was obtained by the police.

Japanese hopes for holding the Twelfth Olympic Games in 1940 in Tokyo have risen as the result of the receipt last week of messages from Count Michimasa Soejima in Rome that Premier Mussolini had agreed to forego Italy's claims to the athletic meet in favor of Japan. Final decision rests with the International Olympic Committee which will meet in Olso on Feb. 25.

Dr. C. E. Maddry, Executive Secretary of the Foreign Mission Board of the American Southern Baptist Convention, and Professor J. B. Weatherspoon of the Southern Baptist Seminary, arrived in Shanghai this week. They have been appointed by their Mission Board to survey the Southern Baptist work in the Orient.

Tried under the name of Israelowicz, A. W. Beaumont, described as the editor of the *Shanghai Spectator*, was sentenced to 21 days imprisonment and fined fifty francs by the Belgian Consular Court Feb. 13, following a complaint from a Spanish citizen named Valles that defamatory statements had been published about him. Mr. Beaumont is meanwhile at liberty on bail pending appeal.

Application of the Central Bank of China for expropriation of land adjacent to its projected Jukiang wharf along the Whangpoo River in eastern Shanghai for extension purposes, has been granted by the Ministry of Interior. The Central Bank of China, besides constructing a wharf at the Ju Kiang (River), a tributary of the Whangpoo River, south of Woosung, is planning to build extensive warehouses.

1,500 Chinese Art Objects to Be Exhibited in London

A total of 1,500 exhibits of Chinese arts and curios has been selected by the Peiping Palace Museum for dispatch to the forthcoming Chinese Art Exhibition to be held in London in November, according to Ma Heng, Director-General of the Museum. In order to make the London exhibition a success, Mr. Ma stated the British Authorities are arranging with foreign diplomatic representatives for the loan of Chinese objects d'art from collections in the possession of other foreign countries.

George Eumorfopulos, a 72-year-old collector of Chinese art, departed from London Feb. 9 for the Far East. Mr. Eumorfopulos will be joined in Shanghai by Sir Percival David and Oscra Raphael and, with them, will select the exhibits for the Exposition of Chinese Art to be held in Burlington House, London, next November.

U.S. Minister Johnson Returns from Holiday in United States

Nelson T. Johnson, American Minister to China, accompanied by Mrs. Johnson and their son, arrived in Shanghai Feburary 13 after a long holiday in the United States. He refused to discuss the political situation, but in an interview Mr Johnson said that conditions in America have definitely much improved, and there is real promise for the future of the National Recovery policy. Mrs. Johnson, also interviewed, stated that the tremendous increase in travel showed that people in the United States felt that conditions were better. Mr. and Mrs. Johnson were entertained at tiffin by General Wu Teh-chen, Mayor of Greater Shanghai, Feb. 14. In the evening Mr. Johnson was present at a dinner meeting of the Committee of Thirty at the American Club. Consul General Cunningham was host at an official dinner to the Minister Feb. 15, and to-day Judge Milton D. Purdy will entertain at a tiffin. Mrs. Milton J. Helmick gave at tea for Mrs. Johnson's intimate friends.

U. S. Navy Dirigible "Macon" Falls into Pacific

The U. S. Navy dirigible *Macon*, carrying a crew of more than 80 officers and men, crashed into the Pacific Ocean about 100 miles southwest of San Franciso Feb. 11. All of the crew, except two, were saved.

CHINESE WOMEN AND MEN ARGUE ABOUT THE NEW ADULTERY CODE

(*Continued from page 391*)

settling such affairs of their wives, but rather maintain secrecy for the sake of "face". There is no necessity for a law preventing women from committing adultery. If men want to preserve the purity of the partiarchal blood system, the way is to have a single moral standard.

Secondly, there are no reliable statistics to show that most men commit adultery. Only men of the upper class are financially able to do so. Laws must be for the benefit of a majority and not for the privileged minority. We need not worry about the lack of prisons, even though thirty percent of Chinese have concubines, because law becomes effective only after its adoption, and is concerned with the present, but not with acts committed before.

Thirdly, men are prone to suffer from venereal diseases for not being virtuous in sex. Thus they may spoil their sons and daughters. This is a grave danger because it means the degradation of the nation. As facts have indicated there are many men who commit adultery (this is true all over the world) and a legal check is absolutely necessary. It is equally harmful to the family life for men not to be virtuous in sex.

Fourthly, there are now more Chinese women who become financially independent. The logic of the male argument about "the rights of the breadwinners" should thus give the women the freedom to commit adultery, if men claim it on such grounds. But the women demand no such things! On the contrary they regard this argument as absurd—on the part of both men and women.

Fifthly, according to science, both father and mother influence heredity. The new Civil Law of the Republic of China, based upon this principle, provides for equality in the adoption of surnames. Under certain conditions sons and daughters may use their mothers' surnames. It is controversial and ridiculous to give equality of sex before the Civil Law and inequality of sex before the Criminal Law.

Between these two positions a compromise is suggested, that to cancel from the Criminal Code any article regarding punishsment for adultery, and settle such affairs by Civil Law. For example, Dr. Wang Chung-hui of the Permanent Court of International Justice at The Hague and others said, that double moral standards have been adopted all over the world for centuries on the ground of physiological reasons for men. This is of course contrary to the principle of sex equality. But in the present constituted society the single moral standard is impracticable due to several social reasons. For instance, society will be in disorder when prostitutes and their clientele are punished for adultery. The best solution is to settle the matter by civil laws as most countries now do. Let society, morality, and religion, censor adultery.

It is pointed out that there are at present only four countries in the world which regard adultery as a criminal offense. They are China, Germany, Hungary, and Switzerland. In the latter only two cantons enforce that law. In the last three countries the punishment is only six months imprisonment, or a comparatively small fine. The tendency everywhere is to treat adultery as a civil offense.

Compromise Opposed by Chinese Women

This compromise is opposed by the Chinese women, and the *Ta Kung Pao*, a leading Chinese paper which is rapidly gaining national fame. The disapproval is due not to the intrinsic fault of the idea, but to the inapplicability to conditions in present day China. It is pointed out that in the economic and social order of China women cannot or will not sue their husbands for divorce on grounds of adultery. The logical step is to promulgate a clause in the Criminal Code punishing both men and women convicted of the crime. This is in conformity with the principle of sex equality and it also is adaptable to the present way of life in China.

However, this idea of punishing married persons convicted of adultery as a means of maintaining the solidarity of a family is strongly opposed by some people as unsound. For instance, Miss Ch'en Heng-chih (now Mrs. Jen Hung-chun), a famous authority and a woman leader, says that love alone is the natural and logical foundation of a family. Let couples separate when they have no more love between them. They cannot be reconciled by the force of law. It is ridiculous to expect a man or woman convicted of adultery and inprisoned for a year or two to live happily again wih his or her mate. In Chinese history there are many cases of thusband-homicide, but practically none of wife-homicide, because while men are free in their sex behavior (in a broad sense), women are the victims of fate.

The fundamental solution lies in securing economic independence for women, and the changed conception of morals that will bring. When divorce does not create financial difficulty for women, and a divorcee, whether by man or woman, is socially accepted as natural and logical, there will be no problem of "adultery in marriage."

The question of Article 239 remains under consideration. Decision is pending, following the resolution reached in the plenary session of the Legislative Yuan. Victory or defeat in this issue is of vital importance to Chinese women, for it may be decisive as to whether the emancipation of women, guaranteed by the revolution, is to be real or only nominal.

Peiping, January 26, 1935.

In the United States Court for China

In re.
Estate
of
JOSEPH CHARLES STRITZEL,
Deceased

Cause No. 3786
Special Proceedings No. 1004
NOTICE
Filed at Shanghai, China, January 23, 1935.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of JOSEPH CHARLES STRITZEL, deceased, to present the same with vouchers to the undersigned on or before August 16, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Raven Trust Company,
Shanghai, China.

Shanghai, China.
January 23, 1935.

In the United States Court for China

In re.
Last Will & Testament
of
EDWARD BELL,
Deceased

Cause No. 3789
Special Proceedings No. 1005.
NOTICE
Filed at Shanghai, China, January 31, 1935.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of EDWARD BELL, deceased, to present the same with vouchers to the undersigned on or before August 2nd, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

MARY BELL,
Administratrix.
117 Thorne Road,
Shanghai, China.

Shanghai, China.
January 31, 1935.

Owners of "Tungchow" Issue Full Story of Piracy

A private enquiry into the piracy of the British steamer *Tungchow* was started in Shanghai Feb. 7 by Comm. N. V. Grace, senior British Naval Officer, Sir John Brenan, British consul-general, Lionel Henry Lamb, British shipping consul, Captain Smart of the *Tungchow*, the officers of the *Tungchow*, and officials of the police and of Butterfield and Swireowners of the boat. One of the facts brought to light was that the guns used by the Russian guards aboard the boat were defective. One of them failed at the critical moment.

Butterfield & Swire, owners of the pirated vessel, made a statement on the incident, Feb. 10, to the following effect:

At 5.50 in the evening of Jan. 29 just prior to the change of watch at 6 p.m., pirates, who had boarded the steamer on departure from Shanghai under the guise of peaceful passengers without arousing any suspicion as to their identity (in spite of the normal precautions taken as regards guarantees, etc.) launched an attack. The Russian guard who was on duty on the saloon deck aft of the smoking room noticed two or three Chinese coming up the companionway leading from the main deck. This guard had opened the grille covering this companionway a minute or two before to allow three members of the crew whom he recognized to go down below, and it had been left open because they said they would be returning in a few minutes. The Russian guard realized that he did not recognize the Chinese who were mounting the ladder and began to draw his revolver but at that moment he was attacked from behind by other pirates who had swarmed on to the saloon deck by climbing up the outside of the ship. While this guard was grappling with the pirates, the remaining pirates dashed forward and climbed onto the boat deck.

Meanwhile, the guard who was mounted on the boat deck noticed Chinese leaping up and was immediately shot at by them. There was no time for him to reach and switch on one of the alarm signals, which ring in the guard room on the bridge and in the officers' quarters and in the engine room, so he took cover behind a tank and opened fire, discharging in all nine shots which is the full capacity of his magazine. He then made for the bridge while reloading and was captured by three Chinese pirates. Meantime others had captured the wireless cabin.

At about the same time Sgt. Tihorovoff and Guard A. I. Pusksin were coming up from the guard room to go on duty at 6 p.m., and, on reaching the saloon deck Tihorovoff went towards the starboard and Kuksin towards the port side. Tiborovoff encountered the pirates, opened fire and was subsequently killed. Kuksin, while walking along the port side saw that people had been herded into the saloon so he returned to the starboard side where he found Tihorovoff fighting hard. He drew his pistol and pulled the trigger but the weapon missed fire and jambed.

During these incidents K. MacDonald, Second Engineer, who had left the engine room to see what was amiss, encountered pirates and on grappling with them was shot and seriously wounded in the chest.

In the course of all this fighting three pirates were wounded.

The Master of the ship was in the after part of the bridge when a pirate appeared and fired twice a small automatic pistol which missed fire. At he same time other brigands intimidated the two quartermasters on duty and then captured the captain. The Chief Engineer, after grappling with one of the pirates outside his cabin who had attacked Mr. MacDonald was forced to retreat inside and he and the other officers of the ship were subsequently captured in detail by the pirates. Search was then made for the ship's arms which were taken by the pirates. The passengers and officers were collected in the saloon and in the passenger accommodation below the saloon on the main deck. The four surviving Russian guards were locked in a cabin and kept there for the remainder of the voyage.

The remaining events of the piracy followed a normal course, the pirates making the captain's cabin their guard room and headquarters, and the ship was navigated to Chilang Point by the ship's officers, the usual watches being kept. On the morning of January 30, the pirates forced the ship's sailors at revolver point to throw overboard the body of the dead Russian guard and later that day compelled them to change the name of the ship and disguise the funnel.

On arriving at Chilang Point on February 1, where the local knowledge of the pirates was good, a junk was captured and loaded, with loot. While this was being done a British airplane appeared which caused the pirates to become frantic and they cast the junk adrift, leaving six armed pirates still on board. These men ordered a small boat to be lowered and took with them as hostages the Chief Officer, wireless telegraphy officer, one quartermaster, one sailor and four Chinese passengers. This boat was wrecked on the beach on account of the heavy swell and surf, and the pirates decamped. A life boat was then lowered from the ship and sent ashore under the second officer to Tsieh Point in order to rescue the four passengers and the rest of the crew. This was accomplished and the *Tungchow* proceed to Hongkong.

Thirty-five Piracies on China Coast Since Dec., 1925

A total of 35 piracies of large ships have taken place (previous to this second piracy of the *Tungchow*) on the China Coast since December 18, 1925, when this same ship was pirated off Tangku as she was leaving Tientsin and taken to Bias Bay. Her Captain, W. McIntosh was shot in the groin, but recovered.

Of the 35 cases of piracy, 13 were Chinese ships, 11 were British, 7 were Norwegian, 2 were French, one each of Danish and Japanese.

Reports of the piracy of a Japanese vessel off Bias Bay Feb. 7 proved to be unfounded.

British Naval authorities have discovered that the pirates who captured and looted the *Tungchow* had intended to dispose of their loot in Kowloon. The closest co-operation continues between the Chinese and British authorities.

Siamese Naval Officers to Receive Training on Japanese Ships

Siam's Department of Navy has made arrangements with the Mitsui Bussan Kaisha, whereby the shipping department of the latter will provide practical training in navigation to a limited number of Siamese naval officers. The agreement came to light with the arrival in Yokohama Feb. 8 of two Siamese officers, aboard the Mitsui Bussan Kaisha's freighter s.s. *Suki Maru*. The two officers, both of them holding the rank of First Lieutenant, are scheduled to spend a week inspecting the Yokosuka Naval Base and modern military equipment, before sailing for South America, to study navigation for three months.

"Now I Feel Like A New Woman!"

Mother Of Five In England Tells Of After-Maternity Troubles Ended and Health Restored By

DR. WILLIAMS' PINK PILLS.

Of the many trials that women are called upon to endure, perhaps there is none greater than that of motherhood. All too frequently this ordeal is followed by extreme weakness and much suffering. A case in point is that of Mrs. Allman, the mother of five children, of 965, Manchester Road, Over Hulton, near Bolton, England, who stated recently to a newspaper reporter:—

"After my last baby was born about two years ago I failed to recover strength. I always felt wretchedly weak, and if I tried to do any work I had a severe pain over my heart. My nerves were in such a state that I dare not go out shopping.

"That was not the worst of it, for I suffered terribly from cramp in the night all through my body. I was so wracked with pain that I could not sleep.

"I tried various remedies, but derived no benefit, and then about four months ago my brother-in-law advised me to try Dr. Williams' Pink Pills, as they had done his wife much good. I started taking the pills, and before long there was a decided improvement. This encouraged me to persevere with the pills. I continued to gain strength, and the cramp pains began to lessen until before long they went altogether.

"Now I am like a new woman. People remark what a wonderful change there is in me. Ever since a girl I suffered from anaemia, but now all traces of it have disappeared."

Dr. Williams' Pink Pills, the world-renowned blood builder and nerve tonic, are equally good for weak, debilitated, nervous men as they are for women. Chemists everywhere sell them.

71-460

New Books of Interest in the Far East

How Chiang's Armies Are Suppressing Communism and Banditry

Suppressing Communist Banditry in China. Second Revised Edition, with 46 Illustrations. By Tang Leang-li. Shanghai: China United Press, Price $3.00, Shanghai currency.

This is a second revised edition of Mr. Tang's original authorative volume on this subject. It covers the period of the final collapse of the Kiangsi reds, with new illustrations not included in the previous volume. The writer points out that the triumphal entry of the Chinese Government troops into the city of Jiukin, which for six years had been the so-called capital of the Chinese Soviet Republic, did not, unfortunately, mean that the influence of the Red leaders in China had been finally and completely crushed. The fall of Jiukin, was, however, an effective retort to the Chinese Communist propaganda carried on abroad that the movement was rapidly gaining strength. On the contrary, the fall of Jiukin meants that Communism in China is dying. The author expresses the opinion that the National Government will be able to make good use of the experience gained in the long Kiangsi campaign to deal more swiftly and effectively in future with every challenge that is made to its authority. The writer refutes pro-Communistic assertions made by Agnes Smedley and other writers, which he describes as absurd.

Since 1930 there had been five campaigns against the "Reds," and from each one the Government armies gained experience by which they have profited to score victories. The first campaign took place in the latter-half of 1930, the second in the first-half of 1931, the third in June of 1932, the fourth in January of 1933, and the fifth in August of 1933. The first four campaigns were not quite successful, and there were several reasons for this. Owing to lack of experience, the Government troops at first fought according to traditional tactics. But this proved a failure, because the "Red"-infested regions are irregular and mountainous country, passage over which is very difficult. Penetrating into these territories without guides was, as events proved, to court sure defeat. The supriority of Government troops in numbers was useless, as they could not be maneuvered within limited areas.

Profiting by the experiences gained, the Government Communist-suppression headquarters in Nanchang, under the able command of General Chiang Kai-shek persevered and formulated certain reforms and measures, the most important of which were: (1) Reorganizing the Division unit in the army to consist of three regiments, reinforcing the fighting power of the Company, and perfecting the organizations in the army for sanitation, transport, and communication. (2) Adopting the tactics of irregular and guerilla fighting, coupled with pursuing attacks to encounter the uncertain movements of the "Reds", the establishment of a system of blockhouses. (4) Tightening up army discipline, and establishing a system of asylums and detention houses for refugees. (5) Training the officers at Kuling. (6) Improving the means of communication by building new roads and installing telephones. (7) Educating the people, and establishing a system of mutual guarantee. (8) Reforming local political administration. (9) Reviving the system of cooperative societies in rural districts. (10) Reorganizing the land system. (11) Giving better treatment to captured "Reds" and those who surrender, and establishing reformatories. (12) Enforcing the blockade. (13) Organizing a special corps of plain clothes soldiers who were to keep moving everywhere to counteract the work of the "Reds". These, as the world knows, brought victory to the Nationalist army and as a result Jiukin, the Soviet stroughold, fell in November, 1934.

M. Kotenev Discusses Evolution of Chinese Constitution

A lecture delivered by Anatol M. Kotenev, author of "Shanghai: Its Mixed Court and Council" and similar works, before the University of California at Los Angeles April 25 last, on "The Evolution of the Chinese Constitution," has been printed in pamphlet form. Mr. Kotonew drew attention to the fact that the process of evolution of the constitutional idea is taking place not only in China alone. The same process is going on in Europe: from constitutions of rights to constitutions of duties. Mr. Kotenev said:—"We have Fascism in Italy, Nazi-ism in Germany, and, finally Communism in Russia. The latter is the extreme development of this idea: in communism, the citizen's duties toward the state absorb completely all his rights, so far as his individual liberty and happiness are concerned. In the course of time all these doctrines are liable to undergo a deep evolution, approaching in principle the Chinese *li*, which represents the quintessence of political and social wisdom of four hundred millions of people, based on an experiment covering many thousands of years."

Do You Know The Hills of Soo?

The Soochow hills have been visited by several generations of Shanghailanders but few of those who have tramped through the wooded glades know the wealth of legend and historic lore which have enriched the hills for much more than 3000 years. Some of the most interesting characters in Chinese history have lived in the hills and have left mementoes of their lives behind them. Do you know:

Why a small temple near Soochow is considered a literary shrine by all cultured Japanese?

The tragic story of the wife who divorced her husband of his poverty?

The mystery of the disappearance of China's most famous bell?

Where the Soochow plague was buried?

Why the creek at Mutu is called "fragrant"?

The story of the virtuous prostitute.

These are only a few of the many interesting stories about the hills as told in the December issue of Shanghai's most interesting magazine "China Highway." A complete and accurate map of the hills is published in colors.

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Japan's New Policy and Gen. Chiang Kai-shek

BY CHEN FU-SHENG (陳福生)

JAPAN'S new China policy,—which has now materialized. With the renunciation of the Washington Treaty, created world-wide sensation but which did not cause a setback, and with the reorganization of administration system in Manchuria that foreshadows eventual annexation,—Japan intends to go a step farther, viz., to press China for settlement of outstanding issues, to force China to establish close political and economic relations with her and to form a "Japan-China-Manchukuo-Bloc," to bring under her control the resources of China and above all, to subjugate China. Politics in Japan, we know too well, are dominated by the Military Clique; the spokesman of the clique has more than once pointed out that Nanking's attitude towards Japan has up to now been insincere. In the eyes of the Japanese, the Nanking authorities, especially Wang Ching-wei, are simulating friendliness and "their masquerading as pro-Japanese is the opium that is being fed the Japanese people by the Chinese government to dull their perception."

Wang—a Simulator?

Wang Ching-wei, Japanese say, is a master simulator. "He makes one think of the measuring worm noted for its ability to simulate a twig. Nippon is likely to hang an earthen pot on this imitation twig, causing the pot to fall and break." Nippon herself has thrown to winds international faith and torn into shreds nearly all the existing international treaties, yet she doubts the sincerity of other countries. Japanese usually approach certain responsible Chinese with a request but when the request is turned down, they cast stones of malice. Needless to say the responsible Chinese who negotiate with Japanese are in great embarrassment as they are caught between two fires—pressure from without and opposition from within.

Dealing Directly with Gen. Chiang

The Japanese, it is reported, have thought it advisable to cease dealing with Wang Ching-wei, that is, they would deal directly with Gen. Chiang Kai-shek, instead of Wang. To them, it seems that the Nanking government represented by Wang Ching-wei, has failed to comply with their wishes, and Gen. Chiang, actual head of the Government, may not disappoint their hope—settlement of outstanding issues once for all. Japanese have been accustomed to tactics of "divide and rule." They have, in my judgment, committed a great blunder. The Nanking regime bears a striking contrast to the defunct Peking regime in this: Secret diplomacy and the policy of secret bargaining, customary at Peking, are seldom or never resorted to. No responsible Chinese with a sense of honor can assent to the infamous act of selling their country and no patriotic Chinese can tolerate this action. Japanese may come to China with a helping hand and an itching palm. The Chinese authorities, fully aware of Japanese tricks, can in no wise be induced to barter the birthright of the Chinese nation for the proverbial mess of pottage. What steps Nanking officialdom will take in view of Japan's latest move, we are not in a position to say, but we feel certain that neither Chiang nor Wang will betray the people's trust.

Two Important Statements

Of interest in connection with Japan's new China policy, are two statements appearing in the *Min Pao* (Jan. 20), Japanese organ in Foochow, to the following effect:

> (1) Huang Fu, Chairman of the Peiping Political Readjustment Commission, arrived at Nanking on Jan. 18. The three heads, Chiang, Wang and Huang will hold a conference in which Huang, it is predicted, will bring up for discussion and adoption the following matters: 1. Cancellation of the Tanku Truce and conclusion of Sino-Japanese Pact; 2. Cessation of anti-Japanese activities in the demilitarized area; 3. Reorganization of the Hopei Provincial Government, and 4. Settlement of various problems in North China and appeal to Japan for aid. Whether Huang Fu will return to the North or not depends on the outcome of the conference.
>
> (2) Japan's diplomatic policy is based on the principles of non-aggression. It is the Minister Hirota's wish that a Sino-Japanese Non-Aggression Pact will before long be concluded as this pact is expressive of Japan's peaceful intention. The Minister takes it for granted that to guarantee the sovereignty and administrative integrity of China is to impair the independence of China and to insure Open Door and equal opportunity has the effcet of colonizing China. The government of Japan regards China as a real independent country and is ready to sign a non-aggression pact with China. The improvement of Sino-Japanese relations and the hearty cooperation of the two Oriental countries all hinge on the attitude of China and the self-consciousness of the Chinese nation.

Behind the sugar-coated statements, one senses Japan's vehement desire for formation of a bloc with China. Having swallowed up Manchuria and Jehol, Japan would have a bite at China Proper. Verily, appetite comes with eating. Following the conquest of Manchuria and Jehol naturally comes the domination of the man-power and natural resources in China Proper. Tanaka, we remember, has said: "To conquer China, Japan must capture Manchuria; to conquer the whole world, Japan must subjugate China."

Policy of Procrastination

By the way, a problem arises: What is China's policy towards Japan? Will China deviate from her traditional policy of being on good terms with far-away countries but attacking the near ones? Has not China the strength of character to face death? Or does she prefer to let herself slowly waste away? These are blunt questions that usually require involved answers. China has been pursuing a policy of procrastination. Though delay seems dangerous, yet it appears to be the least of all dangers. What with weakness and what with international isolation, China is unable to have a strong foreign policy. She does not wish to offend Japan, making the complicated situation worse confounded nor is she willing to sell herself. Amidst these circumstances, she can but procrastinate. Not that she would procrastinate until it is too late but that she would consolidate her national strength and wait till her time comes. Now Japan has compelled China to join hands with her; what China is going to do is really a question of great interest.

The Powers' Intervention

Roosevelt, in his recent message to the Congress, among other things said: "I cannot with candor tell you that general international relationships are improved. Many old jealousies have been resurrected, old passions aroused; new strivings for armament and power in more than one land rear up ugly heads. I hope that calm counsel and constructive leadership will provide a steadying influence."

As affairs in Japan are dictated by the military, no constructive leadership can be found and no calm counsel can be of avail. The Powers interested in the politics of the Far East, we earnestly hope, will go farther than verbal declarations and will lend China a helping hand in curbing Japan's ambition. Japan's controlling the resources of China is detrimental, not to the interests of China alone but to the interests of ther countries. Through the strenuous efforts of the super-statesmen in Europe, the "tender spots" in European political and military scene have been gradually removed, but with China's man-power and resources dominated by Japan, the powder magazine of the world will be shifted from Europe to Asia and all the efforts to preserve the world peace will be nullified.

Foochow, January 30, 1935.

Shanghai Power Co. Earned $13,314,621 in 1934

The 1934 report of Shanghai Power Company issued this week shows that the net revenue from operation was $13,314,-621.57. The dividends on the 6 Tael Cumulative Preferred Stock and on the U.S. $7 Cumulative Second Preferred Stock have been paid regularly. The Company explains that its earnings are preponderantly in silver, and it was therefore deemed advisable and protective to the Company, in view of the prevailing exchange and silver situation, that silver securities be substituted for the Gold Debenture Notes in order to reduce the Company's foreign exchange risk. To that end, the Company entered into an agreement dated February 19, 1934, with the Hongkong and Shanghai Banking Corporation under which C.S. $21,000,000 principal amount of Shanghai Power Company First Mortgage Debentures, 5½% (Chinese) Dollar Series due 1973, which were issued under the Company's Mortgage and Deed of Trust dated as of February 1, 1933, were sold to the Bank. Of this amount, $11,000,000 principal amount were privately sold and the remaining $10,000,000 principal amount were offered for public subscription on March 1, 1934, by an underwriting syndicate formed by the Hongkong and Shanghai Banking Corporation. The proceeds derived from the sale of these Debentures were wholly used on April 1, 1934, to retire U. S. $7,000,000 principal amount of the Company's 20-Year 6% Gold Debenture Notes, Series A, due 1950.

As a result of this and other similar financing, a 5½% silver debt has been substitued for a 6% foreign currency debt, which has been completely retired.

The Company continued the policy of maintaining its physical property in good operating condition and during the year expended approximately C.S. $1,423,000 for maintenance and repairs. In addition, the Company appropriated C.S. $1,500,000 from current earnings for the property retirement reserve, which after providing for property retirements during the year, increased the balance in the reserve to C.S. $5,619,866.06. During the year there was also expended C.S. $2,842,332.82 for improvements and additions to the property to meet the increased business of the Company. As of December 31, 1934, the Company was supplying electric power and light service to a total of 80,214 customers, as compared with a total of 73,642 customers at December 31, 1933, an increase of 8.9%. Total generating station output in 1934 was 800,852,000 kilowatt-hours, an increase of approximately 6.2% over the previous year.

The report is signed by W. S. Robertson, chairman, and P. S. Hopkins, president, of the board of directors.